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AN

ESSAY

ON THE QUESTION OF

REDUCING THE INTEREST

OF THE

National Debt;

IN WHICH THE

JUSTICE AND EXPEDIENCY OF THAT MEASURE

ARE FULLY ESTABLISHED.

BY

J. R. M'CULLOCH, Esq.

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PREFACE.

In a very short Essay, published last spring, after shewing the impolicy of the corn laws, and the strong probability that, if they were repealed, the mean price of wheat would not in this country exceed 50s. per quarter, I endeavoured to shew the justice and expediency of reducing the interest of the public debt contracted during the high prices. The views contained in the present Essay are fundamentally the same; but I have endeavoured to prove, that a great portion of the paper lent to Government during the late war was *depreciated*, and that if the stockholders are now paid the same *nominal sums* they lent with *undepreciated* paper, they will get an undue advantage, at the expence and ruin of the productive classes. In order accurately to ascertain, whether or not there had been any

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depreciation or comparative redundancy of our currency, it was necessary to inquire into the value of gold and silver in the different states of Europe and America: And the illustrious author of "The Wealth of Nations" having shewn, that the precious metals had not fallen in value from 1640 to 1775, I commenced my inquiries at the latter period; and have found myself authorised to conclude, in opposition to the greater part of the late political economists of *this* country, that there has been no *general* fall in the value of money since that era. In the course of this Inquiry, I have pointed out the causes which have prevented the increased influx of bullion from raising prices; and have given a short, but I hope a correct, view of the progress of agriculture, industry, and population, in the United States, and the principal kingdoms of Europe since 1775. This sketch is of paramount importance, as indicating the *relative* situation of Great Britain, and other nations, who will now be our rivals in manufactures and commerce. In this Essay I have examined the principles and effects

of the corn laws at considerable length ; I have also endeavoured to shew the real importance of our foreign trade, and the fatal effects that the *present* system of taxation must have, not only on the commerce, but on the general prosperity of the country. And, in conclusion, I have applied the facts and principles, previously established, to prove, the justice and expediency of reducing the interest of the public debt.

The major part of the principles which pervade this Essay, have been sanctioned by the ablest writers on Political Economy. In applying them to the present question, I have been actuated solely by a desire of contributing to the general advantage, (not to that of any particular faction or party,) and to the improvement of the science of Political Economy. The difficulty and obscurity involving some of the subjects treated of, will excuse any slight errors into which I may have fallen ; and the importance of the general conclusions, will bespeak an impartial examination of the premises from which they are deduced.

CONTENTS.

SECTION FIRST. Page.

General Principles regulating the Price of Bullion and other Commodities—Attempt to estimate the quantity of the Circulating Medium of Great Britain in 1797 and 1812—Some observations on Banking—And consequences of a local accumulation of Specie 1

SECTION SECOND.

General principles of Exchange—Application of these principles to the Exchange between Great Britain and other Countries, from 1799 to 1815, inclusive. . . 25

SECTION THIRD.

Inquiry into the Rise of Prices throughout Europe since 1775; with some account of the Progress of Manufactures, and of the Increase of Population. . . . 58

SECTION FOURTH.

Price of Corn in this Country fictitiously kept up by the Corn Laws—Such advancement of Price prejudicial to the Manufacturers, without being advantageous to the Agriculturists—Famine and scarcity, generally caused by Restrictions on the Corn Trade. . . 122

SECTION FIFTH.

Estimate of the Number of Individuals in Great Britain directly supported by Foreign Trade—Effects of a great relative Taxation on Manufacturing Industry—Difference of the State of Great Britain in 1783 and 1815—And Confutation of the Reasoning of Dr Colquhoun and others, who attempt to prove that a large National Debt is not injurious to a State 147

SECTION SIXTH.

Page.

Propriety of Repealing the Restriction Act, and of obliging the Bank of England to resume Cash Payments—Inexpediency of Cash Payments, unless accompanied with a Reduction of the Interest of the National Debt—Proofs of the Necessity and Justice of this measure of Reduction—Expediency of applying the Sinking Fund to the general service of the State—Conclusion 185

AN

ESSAY

ON A REDUCTION OF THE INTEREST OF

The National Debt,

&c. &c.

SECTION FIRST.

General Principles regulating the Price of Bullion and other Commodities—Attempt to estimate the quantity of the Circulating Medium of Great Britain in 1797 *and* 1812—*Some observations on Banking—And consequences of a local accumulation of Specie.*

"BULLION," says Mr Thornton, "is a commodity, and nothing but a commodity: and it rises and falls in value, on the same principle as all other commodities. It becomes like them, dear, in proportion as the circulating medium for which it is exchanged is rendered cheap, and cheap in proportion as the circulating medium is rendered dear." *

* Essay on Paper Credit, p. 202.

Bullion constitutes the universal circulating medium of civilized nations, the demand for it is general and permanent, and while the new supplies dug from the mines are equally distributed to each country in proportion to its wants, it cannot become superabundant or cheap in any. The conversion of bullion into the *coin* of a particular state does not materially affect the general laws to which it was before subject: the ease with which it is again melted down, and the acknowledged inefficacy of all restrictions on its exportation, render it in a general point of view almost exactly the same.

Now, if more *coin* circulates in a particular country, compared with its exchangeable produce, than what circulates in others, it must be *cheap* relatively to bullion,* (the general medium of exchange,) and to all other commodities: it would, therefore, be for the interest of indivi-

* The cheapness or dearth of coin or currency relatively to bullion, is at once ascertained by referring to the mint and market price of the latter. A pound of gold bullion, in this country, when taken to the mint, was, without any expence, coined into 44½ guineas, weighing a pound. Consequently, when guineas were not comparatively redundant, and when paper was equivalent to them, a pound of gold bullion might always be purchased for £46: 14: 6, either in coin or paper. On the contrary, when guineas were over-abundant, and when paper was depreciated, bullion became more valuable than either. This was shortly expressed by saying, that its market price was higher than its mint price.

duals to melt down part of this superabundant coin, and send it abroad to a better market; and this exportation would, in defiance of all contrary prohibitions, continue till such time as the equilibrium was again restored, or until bullion was as dear at home as in other places.

"When," says Dr Smith, "the quantity of gold and silver imported into any country exceeds the effectual demand, no vigilance of Government can prevent their exportation. All the sanguinary laws of Spain and Portugal are not able to keep their gold and silver at home. The continual importations from Peru and Brazil exceed the effectual demand of those countries, and sink the price of those metals *below* that in the neighbouring countries. If, on the contrary, in any particular country their quantity fell short of the effectual demand, so as to raise their price *above* that of the neighbouring countries, the government would have no occasion to take any pains to import them. If it were even to take pains to prevent their importation, it would not be able to effectuate it. Those metals, when the Spartans had got wherewithal to purchase them, broke through all the barriers which the laws of Lycurgus opposed to their entrance into Lacedemon. All the sanguinary laws of the customs are not able to prevent the importation of the teas of the Dutch

and Gottenburgh East India Companies; because somewhat cheaper than those of the British Company. A pound of tea, however, is about an hundred times the bulk of one of the highest prices, 16s. that is commonly paid for it in silver, and more than two thousand times the bulk of the same price in gold, and consequently just so many times more difficult to smuggle." *

"An advanced price of goods," according to Mr Thornton, "is the same thing as a *reduced price of coin:* the coin, therefore, in consequence of the reduced price, is carried out of the country for the sake of obtaining for it a better market." †

It is therefore clear, that a local circulating medium, such as the paper of a particular country *not* convertible into gold and silver, can alone become cheap compared with bullion for any considerable period; and further, that this very cheapness is of itself a decisive proof of its excess.

The impossibility of retaining a great relative quantity of coin or currency in a particular country, previous to the restriction act of 1797, effectually kept down the issues of the Bank of England to the amount necessarily required to circu-

* Wealth of Nations, 8vo. edit. Lond. 1802, vol. ii. p. 149.
† Essay, p. 211.

late the produce of Britain at a price nearly equal to its price in the European market. If a rise of prices consequent on an overissue of paper had then taken place in Britain, all our transactions with foreign countries would have been carried on with bullion. We would not have sent dear goods to a cheap market, but we would have sent cheap gold and silver to a dear market. In this state of things, if the Bank had not diminished its issues, and thereby lowered the price of goods, their notes would have been sent in as soon as issued to be paid in gold, and the gold would have been immediately melted and sent abroad. In vain would statutory enactments and custom-house oaths have attempted to counteract the natural course of things: the allurements of gain, and the impulses of cupidity, are not to be thwarted by such impotent barriers.

During the last twenty years, the necessaries and luxuries of life have in this country been raised to double or triple their former price, while in the continent of Europe their price has remained *nearly stationary.* * Our bullion, and afterwards our coin, in conformity with the above principles, entirely disappeared. As soon as they began to depart, the money price of commodities should have fallen: but the place of

* See Section III.

both being filled with paper issued to a much greater extent, the price of commodities, or their *value compared with paper*, increased according to its increase; and consequently the enlarged issue of paper was the *chief*, if not the sole, cause of that *local rise* in the price of bullion, of provisions, and of every other commodity, we have experienced. *

Let us suppose a bank to be opened in a country where there was not previously any similar establishment, and that its issues average one million: Although this sum came first into the hands of master manufacturers and agriculturists, it would not be hoarded by them; it would be expended in paying the wages of labour, or in the purchasing of some species of commodities:

* This conclusion, as far as respects the price of all commodities except bullion, (which can in no case become cheap compared with specie, but from a redundancy of the latter,) is obviously founded on the principle of a free trade, and must accordingly be modified, when applied to a country placed under the restrictive system. If prohibitive enactments prevent the importation of corn or other necessary commodities into a rich and highly populous country, their price may rise much higher than in surrounding states, although the currency of all be virtually the same. In the sequel of this inquiry, we shall endeavour to ascertain what part of the late high price of provisions is to be ascribed to the depreciation of paper, and what to the prohibitive system.

money does not of itself produce any thing, it is only a medium of exchange: this million would, therefore, be engrossed into the circulation, and if money had before been in that country at par with its value in others, unless a million of its specie was exported, its circulating medium would now be *relatively redundant*, and the price of its produce comparatively high.

The issuing of this million on bills at short dates, and of undoubted solidity, cannot possibly affect this almost self-evident conclusion. Of whatsoever kind the bills were on whose credit it was advanced, it would not the less speedily get into circulation, and must either displace an equal portion of coin, or lowering the value of the whole currency, proportionally raise the price of commodities.

Where a bank increases the number of its notes already in circulation, the same results obviously follow.

The total amount of Bank of England notes in circulation, from 1790 to April 1796, fluctuated from ten to twelve and eleven millions. In the latter part of 1796, and the early part of 1797, they were greatly diminished; but in 1798, the *first* year after the restriction, the total average issue amounted to L. 13,337,477, almost *one million more* than it had been in any one of the seven preceding years, three of which were a sea-

son of peace and of great prosperity. From 1802 to 1808, both inclusive, the issues were rather upwards of seventeen millions; in 1809, they rose to nineteen millions; and in 1814, nearly averaged the enormous sum of *twenty-eight* millions.

It is not possible accurately to ascertain the increase in the quantity of country bank paper since 1797, but there are good grounds for thinking its augmentation to have been even more rapid than that of the Bank of England.

The convertibility of country bank paper into that of the Bank of England, could have no effect in restraining the issues of the former, till such time as the price of commodities in the country had been brought nearly to a par with their price in London. As soon as this equalization was attained throughout the empire, a further issue of country paper, or a further rise of prices there, would be impracticable; for the notes would certainly be returned by the holders, in order to get Bank of England paper, that could purchase a greater quantity of commodities in another quarter. The issues of the country banks would then be checked by the very same principle that, previous to the restriction, kept down the issues of the Bank of England itself—the impossibility of raising prices in a particular country, whose currency is essentially the same as that of others.

If, therefore, the *whole* paper currency of the kingdom has been depreciated, it must have been owing to an overissue of Bank of England paper; for the provincial banks merely keep the country currency on a level with the currency of the capital and its vicinity, and while their paper is convertible at pleasure into that of the Bank of England, its quantity must be proportional, and it cannot become less valuable.

Mr Thornton and Lord King have abundantly proved the many advantages resulting from the multiplication of country banks. Every new establishment of that kind increases the public security; the failure of any one company becomes of less disadvantage; greater caution and circumspection are used in the discounting of bills; forgeries are more easily detected; and reservoirs, in which floating capital, and the gains of the industrious, may be advantageously deposited, are spread over the whole country. These facts ought to be carefully kept in view, as they serve to shew the futility of the attempts made to throw the entire blame of the depreciation on the country banks.—We return to the investigation of the increase of the currency.

There is no longer, as in the time of Dr Smith, a difference of a half or more, between the price of labour, &c. in the remote counties, and London and its vicinity. Since 1797, the equaliza-

tion has been extremely rapid, and is a sure test of the rapid increase of provincial paper.

While the credit of a country bank is good, and while the prices in its district are not higher than in London, there is no conceivable motive for the holders of such paper wishing to convert it into that of the Bank of England. Under the present system, the one would just as easily procure bullion as the other, and for every domestic purpose they are exactly the same.

Provincial banks of established credit might, therefore, in ordinary cases, keep a great amount of notes in circulation, without having proportionally large quantities of those of the Bank of England in their coffers; and there is no doubt, that, since the restriction, the quantity of their unproductive stock has been much diminished. This fact is admitted by Messrs Thomson, Stuckey, and Tritton, gentlemen of much commercial information, in their evidence taken by the Bullion Committee.

These different presumptions of an immense increase in the amount of country bank paper since 1797, are supported by indisputable facts.

The number of country banks in 1797 is not exactly known, but very probably it was not far from 300;* in 1800 they amounted to 386; in

* According to Mr Thornton, (Essay, p. 154.) there were

January 1810 to 721; and were since increased to between 800 and 900.

It is certain, that the circulation of all the old established country banks has greatly increased since the restriction, and may be held to be at least doubled. Assuming the issues of the 300 private banks existing in 1797 to have averaged L. 50,000 each in 1812, and supposing their issues in 1797 to have amounted to L. 30,000, which allows only L. 20,000 of increase, that will give an addition of *six* millions to the circulation from this source.

Supposing the issues of the 500 private banks established since 1797 to have each averaged L. 40,000 in 1812, that would constitute a further addition to the currency of *twenty* millions.*

Now, if we could ascertain the quantity of specie in circulation in 1797 and 1812, we would

353 country banks in 1797; but other accounts reduce this number to 230. App. Bull. Rep. p. 140.

* Mr Tritton, in his evidence annexed to the Bullion Report, estimated the country bank paper then circulating, (April 1810,) at £20,000,000, and Mr Richardson at £30,000,000. The former of these gentlemen reckoned each bank on an average to have £30,000 in circulation; but the latter must have computed their issues at above £40,000, for at that time there were only 721 country banks. There seems little doubt, that Mr Richardson's estimate was at the time very moderate: and it is certain the issues, as well as the number of the country banks, were considerably increased, subsequently to the rejection by the House of Commons of the recommendation of the Bullion Report.

be able to make a pretty accurate estimation of the actual increase of the currency in that interval.

Mr Whitmore, Governor of the Bank of England, was of opinion, that the quantity of gold coin *in circulation* for the three years previous to the restriction, was rather below than above twenty millions; * but supposing it to have amounted to that sum, and that there was besides three millions of silver currency, that would make the entire specie in circulation in 1797

* App. Bull. Rep. p. 121.—There was coined, in the period of the great recoinage, from 1773 to 1777, both inclusive, of gold, ... £19,591,833
Remained in circulation of old guineas, of heavy and light weight, not brought in, about* . . . 2,000,000
There was coined in the period from 1778 to 1796, both inclusive, of gold, . . £28,863,437
But Mr Rose states, that very near one half of the gold coined from 1778 to 1798 was procured from melted light guineas, &c.† and therefore deducting 14,000,000
There remains sum added to the currency from 1778 to 1796, both inclusive . . . 14,863,437
£36,455,260

Now supposing eight millions of gold coin to have been locked up in the coffers of the Bank of England, of the country banks, and of individuals in 1796: and estimating at other eight millions the quantity of guineas sent abroad as subsi-

* Chalmers' Comparative Estimate, p. 350.
† Brief Examination, App. No. 4.

twenty-three millions. The whole gold and silver in circulation in 1812, has been estimated as low as three millions; but taking it at four, the whole amount of the currency at these different periods will be as follows:

1797	Bank of England notes in circulation, . .	£11,000,000
	Issues of 300 private banks £30,000, . .	9,000,000
	Gold and silver in circulation, ...	23,000,000
	Gross amount of circulating medium in 1797, ...	£43,000,000
1812	Bank of England notes in circulation, . .	£23,500,000
	Issues of 300 private banks £50,000, . .	15,000,000
	Issues of 500 private banks £40,000, . .	20,000,000
	Gold and silver, ...	4,000,000
	Gross amount of circulating medium in 1812, ...	£62,500,000

If these calculations are nearly accurate, they shew that an addition had been made to the currency, in the interval between 1796 and 1813, of about *twenty* millions, over and above the *specie displaced*, or sent abroad.

dies, during the American war and the three first years of the late war, including those exported by individuals during the unfavourable exchanges of 1783, 1794, 1795, &c. (which, considering that no seignorage is exacted from the gold coin in this country, and that, therefore, when melted down, it may be exported without any loss, is certainly a very moderate allowance;) it results that Mr Whitmore's estimate may be justly considered, as coming as near the truth as it is possible to attain in such matters.

The circulating medium of a country may be *really* increased by other means than by its multiplication.

Where commercial detail is well understood, where credit is high, and where there is a brisk circulation of produce, a very small quantity only of circulating medium is required in proportion to the payments to be made. In London, and other large towns in Britain, the economising of currency is carried to a great extent; the number of notes in circulation compared with the amount of payments that are constantly a making, being very small indeed.

Mr Thomas, inspector of the clearing house in Lombard-street, states the average amount of the drafts on the different bankers balanced there daily at L. 4,700,000, and that not more than L. 220,000 in bank notes are required for that purpose. Mr Richardson, whose vast experience renders him an excellent judge, states as his opinion, that the London bankers did not, in 1810, require so many notes by *one-eighth* in proportion to the amount of payments made as in 1802.* The same system of economising money having been greatly extended throughout the country since 1797, though there had been no actual addition made to the then existing currency, it would have

* App. Bull. Rep.

been *virtually* increased to a considerable extent.

The simple fact of a great addition having been made to the circulating medium, does not of *itself* shew that it was not really required, or that it was excessive; but coupling with this fact the equally indisputable ones, of a given quantity of bullion having become more valuable than the same nominal amount of currency, and that the price of all other commodities has risen much faster in this country than in any other,—the proof of a depreciation, or relative redundancy of the circulating medium, appears complete and irresistible.

The lending of many millions to Government not exigible for years, is a transaction altogether inconsistent with the real nature of banking, and which could not fail to prove fatal to any company who were obliged to pay their notes on demand. If we suppose, that before a loan of this kind is made, the currency was sufficiently abundant, and that paper was exactly on a par with gold, it is obvious that this additional supply would sink its value, and, as we have shewn, there would be a run on the Bank for gold for exportation: thus circumstanced, unless the Bank had immense surplus funds which it could easily convert into specie, it would stand an extreme

risk of being obliged to stop payment, and would at all events suffer considerable embarrassment and difficulty.

A banking company, on the contrary, whose paper is entirely issued in discount of bills or loans to individuals of undoubted credit at short dates, could never be exposed to like risks, because in a short time they would recover payment of all these bills, which must more than equal the amount of their notes in circulation.

If a considerable amount of paper had been borrowed by Government from a bank on long credit, without supposing its issue to have been in excess, it might nevertheless expose the establishment to great jeopardy. In the case of either real or imaginary dangers, arising from political or other causes, a run is always made on the banks, and if their funds are locked up, or not tangible, the consequences must inevitably prove fatal.

Circumstances of this kind caused the crisis of 1797, and the restriction act. The issues of the Bank were not at that time superabundant, for there was no excess of the market above the mint price of gold. The run was entirely owing to political causes, and would soon have stopped though the Directors had continued paying in specie, which they might have done had their paper been only issued to individuals, from whom,

in the course of 60 days, they would have recovered payment. Their capital, however, and several millions of their notes, having been lent to Government, they could not recover payment of either the one or the other. The beggarly importunity of the ministry had emptied their coffers, and multiplied their notes,—increased their debts, and lessened their means of payment. "It was then owing," says Mr Ricardo, "to the too intimate connection between the Bank and Government, that the restriction became necessary: it is to that cause, too, that we owe its continuance."

The Bank Directors reluctantly, and against their better judgment, advanced those sums which the ministry greedily borrowed, without any regard to the consequences. * To the conduct of

* In 1794 and 1795, an unfavourable foreign exchange caused a drain on the Bank for specie, and they besides advanced large sums of cash and bullion to Government, which were immediately sent abroad to the Emperor of Austria and our other allies. On the 8th of October 1795, the Directors addressed a letter to Mr Pitt, in which they stated, that they conceived an absolute necessity to exist for diminishing the sum of their advances to Government: But, notwithstanding of this remonstrance, in 1796 they were again prevailed upon to furnish additional sums of cash and bullion to remit to foreign powers. They did this with great reluctance, and on the 28th of July, the Directors declared, "That nothing could induce them, under the present circumstances, to comply with the demand now made upon them, but the dread

the latter, the lasting mischief arising from the restriction must therefore be ascribed. The Directors cannot be blamed for accepting what, to

that their refusal might be productive of a greater evil, and nothing but the extreme pressure and exigency of the case can in any shape justify them for acceding to this measure; and they apprehend that in so doing, they render themselves totally incapable of granting any farther assistance to Government during the remainder of this year, and unable even to make the usual advances on the land and malt taxes for the ensuing year, should those bills be passed before Christmas." The Bank had already gone much too far; but the susequent crisis was accelerated by the infinite pains taken in the autumn of 1796, to terrify the people with alarms of invasion. In some of the maritime counties, agents were authorised to take inventories of stock; and this circumstance, giving rise to a suspicion that the stock was to be put in requisition, the farmers made haste to dispose of their corn and cattle, and to convert them into cash. The alarm became general, and a run, to an unprecedented extent, was first made on the country banks, and afterwards on the Bank of England, which, in its then state of exhaustion, was but ill fitted to weather such a tempest. On the 25th of February, the Directors communicated to Government their apprehensions, that they would very speedily be drained of their entire specie: and the Government being altogether unable to repay the Bank the sums it had borrowed, Ministers, in order to save the Company from the impending ruin, caused by a too obsequious compliance with their demands, on the following day, Sunday 26th February 1797, by an order in council authorised the Bank Directors to refuse payment of their notes. *

Mr Thornton endeavours to shew, that the issues of the Bank to individuals were too much reduced previous to the

* The money advanced by the Bank of England for the public service outstanding on the 25th Feb. 1797, amounted, exclusive of interest, to £9,964,413, 3s. The total amount of Bank notes in circulation during the week ending same day, was only £8,640,250. MACPHERSON'S *Annals of Commerce*, iv. p. 411.

them at least, was a boon; for availing themselves of immense advantages when within their reach: and they deserve much praise for having used them with a moderation, which could not have been rationally expected from the unrestrained forbearance of any body of men.

From what has been stated, the proper line of conduct that banks ought to pursue in discounting, naturally suggests itself. If the bills are good, and not at too long dates, they cannot discount too many while the market price of bullion

restriction; and that that circumstance increasing the embarrassments of the commercial world, was one of the chief causes of the run made on the Bank. Although this opinion has been countenanced by the Bullion Report, its accuracy seems very questionable. It appears certain, that to have issued notes during the alarm of invasion, could have had no other effect but to drain the Bank still faster of its gold. They might have given a temporary accommodation to merchants; but as soon as they entered into circulation, they would have been sent to the Bank for payment. It was not commercial difficulties, or a failure of mercantile credit, which then caused the run; it was entirely owing to the panic caused by the dread of a successful invasion, which would have rendered every other currency except gold and silver altogether worthless. In 1783, the Bank laboured under similar difficulties, and the then Directors not only lessened their discounts, but took the decisive step of refusing to make the advances on the loan of that year: a cessation of the run was the consequence. † The Bank acted in the same manner, and with the same effect, before the restriction, whenever they experienced a continued demand for cash.

† Bullion Report, p. 20.

corresponds with the mint price. Their issues then are alike advantageous to themselves and to the community: They contribute powerfully to the extension of commerce, and to the economising of currency: They substitute a cheap for an expensive medium of exchange, and enable our merchants to send abroad a useless part of the specie of the country, for which they bring back produce really valuable. While the banks were obliged to pay their notes in specie, they could not overstep the proper limit; it was not, however, to be wondered at, if they were not *all* sufficiently quicksighted to the general good when this obligation was removed.

In the ordinary transactions of society, men do not prefer accumulating money more than beef, or bread, or any other commodity, but because it is more readily exchangeable for whatever articles they may wish afterwards to acquire, and because they know, with considerable accuracy, what quantity of them a given sum of money can purchase. When I buy a loaf, a book, or a hat, and give money for them, they are to me really *preferable products*; * and it was with

* Mr Ganilh, in a very late publication, terms gold and silver really preferable products, and contends that their value cannot be diminished by their multiplication. It is astonish-

view of procuring them, that on some previous occasion I had *purchased* the money now given for them. Every similar transaction is in fact a real barter, settled at two different times: A farmer who wishes to buy a coat exchanges a quarter of wheat for money, merely to procure a commodity suiting the clothier, the hatter, the shoemaker, &c. and he would have done the same thing for *cowries*, had they been the general medium of exchange. In no case but in that of the confirmed miser, of the wretch who exclaims,

———Populus me sibilat: at mihi plaudo
Ipse domi: simulac nummos contemplor in arca!

is money; literally speaking, the end of our exertions. It is not the money, but the money's worth—the produce which the draft commands, that men are anxious to acquire. But as the value of money, like the value of every other merchandise, rises and falls according as its quantity is diminished or increased, it follows that the actual amount of specie in a state *individually considered*, in a country secluded from the *rest* of the world, cannot be of any consequence; for it is the same thing whether one shilling or a guinea is given for a hat, if the one be as difficult

ing such shallow nonsense could be published by a person not destitute of sense, and who appears to have read the "Wealth of Nations."

to procure as the other, and if each commands an equal quantity of the necessaries and the luxuries of life. The only thing to be desired is, that all the inhabitants may possess a *due share* of the circulating medium, its total amount having no influence on their happiness. *

While, however, there is any intercourse amongst nations, we have shewn that the pains taken by the different governments to accumulate an extraordinary quantity of the precious metals in the particular countries they govern, can never attain their object. It only remains shortly to examine what would be the consequences, if any one nation having an intercourse with others, could become permanently successful in this attempt.

When specie flows into a country *where its value is great,* coming first into the hands of capitalists, it has not, till expended by them, any effect in raising the wages of labour, or the price of provisions. When unemployed, or in the coffers of individuals, it is the same to the state as if it were still in the Andes. It is only during its *conversion into general circulation,* that an influx of specie is salutary. All wish to share in the new supplies, to acquire an increased portion of the precious metals, from the universal though

* This point is well illustrated in Mr Harris's Essay on Coins, cap. 2. § 14.

fallacious belief, that they will then be able to purchase an equally increased portion of exchangeable produce. A stimulus is thus applied to the industry of every particular class of the community, and a greater production taking place, the whole society is permanently benefited, although after the influx has ceased, the comparative situation of individuals may be nearly the same as before.

As long as an influx of specie has the effect of bringing forth a proportional quantity of new produce, the price of commodities will not rise, foreign trade will not suffer, and the currency will not be redundant. But as soon as specie, or its representative signs, in place of being invested in new branches of industry, is engrossed into circulation, it must raise prices, and become really prejudicial. When the price of labour and of commodities is relatively high, the produce of the country can no longer be sold to foreigners. And the inhabitants of every description purchasing cheap foreign commodities, the ruin of commerce, and ultimately of agriculture, necessarily follows the too great multiplication of money. *

* This was the case of Spain after the discovery of the American mines. That country overflowed with specie, while other nations were poor in the extreme. The impolitic regulations of Government against the export of specie aug-

It is only, therefore, in *particular* cases, that any increase of the circulating medium is at all desirable. An influx of gold and silver into a country like Russia, where prices are much below the par of Europe, would stimulate industry, and be advantageous, till such time as the level of price was attained: But every additional influx, having the effect of raising prices above the general level, must either be sent abroad, or exert a fatal operation on industry.

Governments believe that these consequences, as far, at least, as the home market is concerned, (for they admit that strangers cannot be compelled to purchase high-priced goods), may be prevented, by prohibiting the import of foreign commodities, whenever these can be bought cheaper than such as are manufactured at home. The experience of all ages sufficiently proves, that prohibitive regulations can have no such effect; but admitting them to be completely suc-

menting the evil, the consequence was, that provisions, labour, manufactures, &c. becoming comparatively high, the Spaniards first lost their export trade, and very soon became dependent on those foreigners they had previously supplied, for their most necessary articles. As one false step generally brings on another, in the reign of Philip II. the rise of price was ascribed to the operations of forestallers, regraters, &c. and the magistrate being authorised to fix the price of corn, and manufactured goods, completed the ruin of every species of industry. Townsend's *Travels in Spain*, 2d edit. ii. 229, 246. *Wealth of Nations*, ii. 272.

cessful, the consequences would be extremely prejudicial. National industry, isolated and deprived of the powerful stimulus of emulation, would languish and decline. Every day it would become less able to stand a competition with foreigners: a want of enterprize and of exertion would be universally felt; and a dull sullen apathy would usurp the place of genius and intelligence.

SECTION SECOND.

General principles of Exchange.—Application of these principles to the Exchange between Great Britain and other Countries, from 1799 *to* 1815, *inclusive.*

A KNOWLEDGE of the state of the exchanges of any particular country, enables us to form an opinion respecting the depreciation or redundancy of its currency, as accurately as a knowledge of the fact of an agreement or disagreement between the market and mint price of its bullion.

Bullion being the universal circulating medium of the mercantile world, it is by the actual quan-

tity of it contained in the coins of different nations, that their value in exchange is calculated. When for 100 grains of silver in London we can purchase an order for 100 grains of silver payable in Paris, the exchange between these two cities is precisely at par: if for 100 grains of silver in London, an order could be purchased on Paris for 105 grains, the *real* exchange would be five per cent. in favour of the former, and *vice versa.*

If we suppose 24 francs to contain the same quantity of bullion as a pound sterling, the exchange is at par between London and Paris, when an order from the one on the other is settled on this footing: if, however, the pound sterling, or the one pound note representing it, does not contain as much bullion as the 24 francs, but 10 per cent. less, the exchange will be at *real par*, when it is nominally 10 per cent. against London. This is the case either when our coin by wearing, clipping, &c. does not contain the standard quantity of bullion; or when the order having to be paid in bank notes, they are insufficient to purchase the bullion they nominally represent. Previous to the reformation of the coin in the reign of King William, the nominal exchange between England and Holland, computed according to the standard of their respective mints, was 25 per cent. against England; but the real

value of the English coin, at that time, was more than 25 per cent. less than its mint value, and consequently the real exchange may then have been in favour of England, although the computed exchange was so much against it.*

It being thus established that the real par of exchange depends on the absolute quantity of bullion in the coins of the different countries trading together, or in the quantity that can be purchased in the market by their representative signs; and it having been already shewn that an excessive issue of bank paper naturally lowers its value, compared with bullion, it follows, that such an issue must, in a country where paper is almost the sole species of currency, directly produce an unfavourable computed exchange.

A strong proof of this inference may be drawn from the state of the exchange with Ireland subsequent to 1797.

In that kingdom the nominal value of the shilling being raised from 12d. to 13d. an increase of $8\frac{1}{3}$ per cent., when the exchange of London with Dublin proceeding on the bullion value of the coins of the different countries is $8\frac{1}{3}$ per cent. against the latter, it is said to be at par. In the six years subsequent to the Bank restriction act, the Bank of Ireland *quintupled* the issues of its notes, in-

* Wealth of Nations, vol. ii. p. 215.

creasing them from about L.600,000 to nearly three millions. The issues of the Bank of England not being *doubled* in the same time, the exchange between London and Dublin became successively 10 and $18\frac{1}{2}$ per cent. against the latter. During the same period, the nominal exchange between London and Belfast, where no paper currency circulated, was at $7\frac{1}{2}$ per cent.; so that in fact the nominal exchange was at the same instant about 10 per cent. against Dublin, which had a paper currency, and 1 per cent. in favour of Belfast, which had a gold currency. As the commerce in bullion was free between the two countries, it could not be said that the difficulties in the way of transporting it was the cause of this difference, as that expence did not amount to more than *one* per cent.; and as it was further shewn, that the real balance of payments was in favour of Ireland, there could be no doubt that the excessive issue of Irish bank paper was the sole cause of this anomaly in the exchange; and in fact, the issues of the Bank of Ireland not having increased after 1804, while those of the Bank of England were greatly enlarged, the exchange with Dublin again *came to par*.

The paper currency of the continental powers, when issued in excess, has had exactly the same effects in rendering the exchange unfavourable

as that of the Bank of Ireland.* The history of the French assignats affords the most memorable example of the miserable consequences of vesting a discretionary power over the currency in the hands of Government. Had only moderate numbers of assignats been issued, their value would have sunk very little. On their first appearance they bore a premium, and it was only after their excessive multiplication that they became altogether worthless. Till more had been issued than the demands of the state required, they made no alteration on the exchange; but as soon as they became over-abundant, every fresh emission rendered it more unfavourable.

The assignats, by depreciating the currency of France, caused the exportation of almost all her gold and silver. Her rulers, indeed, maintained there was no depreciation, but that there was a rise in the value of gold and silver, caused by an increased foreign demand. Acting on this pretended principle to a greater extent than their more prudent imitators in this country have since

* "Towards the latter end of the reign of Adolphus Frederick, bank notes being issued in such large numbers, and many at so low a value as 1s. 6d. *scarcely any specie was left in the kingdom*, (Sweden), the bank was so drained of cash as not to be able to exchange its notes but in copper money, and paper was almost the only currency." COXE's *Travels in the North*, 5th ed. vol. iv. p. 136.

ventured to do, they quickly and palpably demonstrated its falsity; for no sooner had the assignats ceased to circulate, than gold and silver flowed again into the country, and speedily brought the value of money in France to an equilibrium with its value in the rest of Europe.*

Since the restriction act, the circulation of Bank of England paper has been nearly as compulsory as that of any continental power. While the creditors of the state are compelled to receive payment of their interest, to the extent of 45 millions annually, in Bank of England notes, and while they are a legal tender, it is ridiculous to talk about the Bank's issues being voluntary: and such language, where it does not spring from ignorance, can be used only for the purpose of deluding and deceiving.†

There are obvious reasons why Bank of Eng-

* *Sismondi de la Richesse Commerciale,* tom. i. 138.

† "Mr Baring (one of the Bank Directors) expressed his sense of the necessity of returning as soon as it was practicable to do so, to cash payments; and exposed the absurdity of the statement made by the Chancellor of the Exchequer, that the circulation of the paper was safe because it was issued voluntarily—the great mass of the Bank paper being issued *compulsorily* in the payment of the public creditor, and in the other great transactions of government." See Mr Baring's Speech in the House of Commons, as reported in the Morning Chronicle, 2d May 1816. See also Mr Huskisson's Pamphlet, "Question," &c. p. 113.

land paper, though to a great extent compulsory, should not have been so much depreciated as that of the continental states. The Bank of England *fortunately* was not under the entire controul of Government, many of its Directors were men of respectability and perfect independence; and what was of still more importance, it was liable to have its concerns enquired into by Parliament, and canvassed by the public. This country, besides, has not been exposed to violent and sudden convulsions in its domestic concerns from political causes. In 1809, when Austrian paper money was at a discount of 300 or 400 per cent. Vienna was in the possession of an enemy; and it may be questioned, had London been in the same situation, if Bank of England paper would not have been equally a drug.

It is not meant, however, to maintain, that the state of the exchange *solely* depends on the relative values of the currency of different countries having an intercourse together. To a certain extent, and for *short* intervals, it depends on the state of their export and import trade, or rather on the balance of their payments.

A country possessing the purest currency in no excess as compared with others, may have an unfavourable exchange, or be laid under the necessity of remitting specie abroad, if the value of its imports from foreign countries, or the price

they cost *in the foreign market,* be greater than the value of the goods it has sent *there,* taken at the price at which they are *sold.* Thus if Britain imports corn bought at *Dantzic* for one million sterling, and if the goods she had sent to that city only sold for L.800,000, it is clear she would have to remit a balance of L.200,000 in bullion, *if there was then no demand for an additional supply of goods, and if bills on some other place for the balance could not be given.* The holders of bills upon London being in this case more numerous than those having money to remit, would offer their bills at a discount; and this discount would be the nett advantage gained by the foreigners in their exchange transactions with this country. It could not, however, in any instance, greatly exceed the expence of transmitting specie; for if it exceeds that expence, it operates as a bounty on the export of our manufactures. If we suppose the real exchange to become 10 per cent. against Britain, a foreign merchant would find it for his advantage to export goods from this country, and would make an actual profit of 5 per cent. by the transaction, although he should sell them 5 per cent. below their cost. The impulse thus given to the export of manufactures is prodigious, and tends strongly to restore the par of exchange, and to bring that restoration about

without the necessity of remitting bullion from the debtor country.

An unusual deficiency in our crops, or in articles of the first necessity, for one or two years, is the only way that, in peaceable times, the entire amount of our imports, valued in the foreign market, is rendered greater than the amount of our exports valued in the same place. In time of war, bills upon London become more numerous, by the amount of the drafts for payment of the armaments abroad, and for the payment of subsidies to foreign powers: and if a deficiency in our crops should be felt at the same time, both causes coming into conjoint operation, might make bills on London sell at a considerable discount; but the obvious advantages then attending the export of our manufactures, would not fail speedily to restore the par of exchange.

It is quite erroneous to suppose, that an importation of corn, or other produce paid in specie, can be disadvantageous. If the corn that cost a million in gold or silver in Poland is worth a million and a half in Britain, there is a gain of the half million to the country by the importation. In all countries it is the combined power of capital and labour that procures every thing purchased by man; and it is by the amount of their expenditure, that the value of every marketable commodity is to be ascertained. A less

amount of capital and labour being in this case required to procure the bullion than would be necessary to raise the corn at home, renders the transaction really beneficial. A West India merchant would laugh at any person who should advise him to import gold or silver from Jamaica rather than rum, if the gain to be made by the latter was greater than what could be realised by the other. In such cases, there is a greater demand at home for goods than for specie: The trade of the merchant is to carry the different productions of the earth to those places in which they are in chief request; and we may rest assured, that whatever speculative politicians may say about money being a *preferable product*, no merchant will either import or export it, while there is any other produce with which to carry on trade, that will yield a larger profit.

If what we have just stated on the subject of exchange be correct, it is evident that the account of imports and exports, as usually calculated, can afford no information sufficient to determine the real payments of specie made by one country to another. Let us suppose a merchant to export a cargo of muslin to Russia worth L.10,000, and to sell it there for L.1000 of profit, exclusive of the cost of freight, insurance, &c.; if we farther suppose him to purchase iron or flax with the L.11,000, which, when brought to Britain, will sell for L.12,000, exclusive of expences, it is evi-

dent that the country would in this case import a greater value than it exported, that it gained L.2000 by the transaction, but that it was not necessary to export *one sixpence* of bullion. So far, therefore, from the excess of the exports over the imports being any criterion of an advantageous commerce, it is quite the reverse; and the truth is, the more the amount of imports exceeds the exports, the greater is the real gain to the nation.* Were this not the case, were the exports greater than the imports, the merchants, or rather the country, would lose on every transaction with foreigners, and the trade with them would be speedily relinquished. It is said, indeed, that the balances appearing from the custom-house books are always paid in specie; but if this had been the fact, according to these books there should now have been above 300 or 400 millions in Britain, after deducting all that has been sent abroad by Government. It is not necessary to state how different the real fact is: but the supposition of such an accumulation is in itself absurd; for money can never become greatly cheaper in one than in other states.

Where the balance of payments is in favour of Britain with a country where specie is of more value than here, such balance will never be settled by an import of bullion. No specie can

* *Say Traité D'Economie Politique*, tom. i. p. 182.

come from a good to a bad market. Some species of merchandise will in every such case be imported in lieu of the balance; and in proportion as the value of bullion is high, that of other produce being low, its importation will be of real advantage.

In the autumn of 1799, a considerable and rapid fall took place in the exchange, though the market price of bullion was not then higher than the mint price. This depression continued in its full extent to November 1801, gradually diminished in 1802, and reverted nearly to a nominal par in July 1803. In 1800 the price of bullion fluctuated from L.4 to L.4, 6s.; in 1801 and 1802 it fell to L.4, 4s.; and in 1803, it continued at about L.4.*

The unfavourable exchange in the latter part of 1799 was chiefly owing to the large importations of foreign grain that were then made. Mr Ricardo has justly observed, in his admirable Essay on the high price of bullion, that when a deficient harvest takes place in a country, it is just the same thing as depriving it of a part of its commodities, and that therefore requiring a less amount of circulating medium, a part of its specie may be exported with advantage. In a natural state of things, and with a gold curren-

* The mint price of gold bullion is L.3: 17: 10½ per oz.

cy,* or one fundamentally so, the depression in the exchange could not have continued beyond the continuance of the cause that produced it; the market price of bullion could not have risen higher than the mint price, whatever might have been the amount of it exported; or, granting that to have been possible, it would then have been altogether impracticable to have added another note to the currency. In 1800, however, the Bank of England increased its issues by about L.1,700,000, and during that year it is well known the issues of the country banks were at least proportionally augmented. If, therefore, there was a demand for bullion for exportation sufficient of itself to have raised its price in Britain, this additional supply of paper must have raised it still higher, and depressed the exchange still lower; and what was chiefly injurious, by keeping up the price of commodities, increased the cost of labour, and prevented bullion from again flowing into the country.

It has been often argued, that in a season of scarcity a nation requires more money, on account of the rise of prices that then takes place. But supposing a nation with a gold currency and without mines to be isolated from the rest of the world during a year of scarcity, it is certain its

* By a gold currency, I *always* mean a currency partly consisting of the precious metals, and partly of paper convertible at pleasure into them.

prices would rise though there could not be any addition made to its currency. The competition that ensues for any article when scarce, increases its price; but this is the effect either of the buyers saving proportionally on some other article of expence, or, if it be an essential necessary of life, by exchanging part of their capital for it. Buying and selling are entirely questions of power between the consumers and the holders of an article. If the supply of necessary commodities is short of the demand, the sellers elevate their price to a par with the exertions of the consumers to purchase. It is evident that the increasing of the circulating medium equally to each party, can give the one no advantage over the other. If an additional supply of cash come solely into the hands of the consumers, their offers may be augmented; but they cannot derive any advantage from that circumstance, unless the supply of the scarce article is thereby increased. They might offer 40s. for what before they could only give 20s.; but the sellers perceiving this increase in the power of the purchasers, or in the competitors for their goods, would equally rise in their demands.* On the

* Mr Malthus, founding on this very principle, has, with irresistible force and effect, exposed the absurdity of attempting generally to alleviate the necessities of the poor in a year of scarcity, by supplying them with large sums of money. *Essay,* book iii. cap. 5.

other hand, if an increase of circulating medium comes into the possession of farmers and corn merchants, it enables them to make good their rents and other advances, without laying them under the necessity of selling their produce till such time as competition has reached its utmost limits. It is therefore obvious on every view of the matter, that in a season of scarcity, the increasing the quantity of the currency is quite uncalled for, and can have no other effect but *to augment the evil,* and to raise prices beyond their natural level.

A great disadvantage of such enhancement of prices is the revulsion it causes when they fall, either from an abundant harvest, or from any shock being given to public credit. It is not possible to ascertain what part of the price of corn in 1800 and 1801 is to be ascribed to the increased issues of the banks in these years, but it was not perhaps less than from 25 to 30 per cent. In 1803, the Bank of England diminished the issues of its notes, and this, combined with the good crop of that year, caused a much greater fall in the price of corn than either circumstance taken singly could have effected. As long as our currency continues in its present state, we must experience great fluctuations in our prices. When grain sells high, farmers easily procure discounts and accommodations of all

kinds; but when an extraordinary crop necessarily causes a serious fall in the prices of agricultural produce, the country bankers become justly alarmed, and, refusing to accommodate the farmers as before, compell the latter to sell their grain prematurely, and thence more rapidly to depress the market. They assist the agriculturist when he has comparatively no need of assistance; but unfortunately they cannot extend the same support to him in the hour of his distress. With a gold currency, we would in a great measure escape these evils; the banks would not be able to issue notes when there was a demand for specie for exportation; prices would neither be fictitiously raised, nor fictitiously diminished; and agricultural industry would in nowise depend for its due reward on the opinions and views, whether right or wrong, of bankers, but solely on the effective demand for its produce, and on the real wealth of the other classes of the community.

From this statement, the truth of which appears undeniable, it is seen how little force there is in the specious observation made by some of the apologists for the restriction act; that the increased issues of the banks *following* the unfavourable exchanges were not the cause of them, and were really required to make up for the specie sent abroad. We do not say that in *all*

cases the state of the currency alone causes an unfavourable exchange; but we maintain, that to issue notes when the *paper* price of bullion is rising from a foreign demand, must have the effect to raise it still higher, and consequently to continue the unfavourable exchange. If in 1800 two millions of specie were exported from this country to pay imported grain, it is clear that if no paper had been issued in its place, the price of bullion, of corn, and of all other products, would have fallen; and when the foreign grain was imported, an increase being made in the quantity of commodities, and none in the currency, it would have had a double effect in reducing the previous prices. It is one of the main advantages of a gold currency, that in a season of scarcity, its exportation brings back the commodity wanted, and checks any exorbitant advance of its home price; while, in a year of plenty, the influx of bullion from foreign parts to purchase cheap produce raises prices, and thereby prevents the farmer from being *ruined*, as in a different state of things he generally is, by the bounty of heaven. Our present system counteracts these natural and beneficial principles. When a demand for bullion shews that part of our currency may with advantage be exported, and that it is really less required here than some other commodities, we instantly deluge the nation with fic-

titious money. When prices fall, and the exchange becoming really favourable, shews that our currency is not overabundant, with an admirable consistency in folly, the fictitious money is withdrawn, to the real injury of those who depended for support and assistance on a continuance of its supplies.

The depreciation of our paper as compared with bullion, had continued at from three to four per cent. from 1803 to 1808, when the value of bullion rapidly rose, and the nominal exchange became greatly against this country. The notes of the Bank of England were not much augmented in 1808, and the *sudden* fall in the exchange that year, seems to have been owing to the stopping of the supplies of bullion previously brought into the country by the American merchants. Our transatlantic brethren were in the habit of importing into Britain annually no less a sum than four or five millions sterling, the price of the raw materials and colonial produce they disposed of on the continent. This sum was sent by their agents to the manufacturing districts, in payment of goods commissioned for America. But the orders in council (the most efficacious of all the measures ever adopted to ruin the commerce and industry of this country) speedily put an end to the neutral trade, and consequently to this import of bullion. The

Government was no longer able to procure the quantities of specie it required to send abroad from the merchants of London, or, what was the same thing, to procure their orders on their American correspondents in other countries; and, as the demand for bullion to carry on the Spanish war increased at the same time, there can be no doubt that these concurring and extraordinary circumstances must have temporarily raised its value in Britain.

This local rise in the value of bullion, consequent on a cessation of the usual remittances, would have been but of short continuance, if the quantity of paper in the country had not at the same time been greatly augmented. Had the real price of bullion continued for any considerable period greater in Britain than in the continent, it would soon have found its way here in spite of all endeavours to the contrary. In 1809 and subsequent years, however, when the Bank issues had increased immensely, *guineas were smuggled abroad*, notwithstanding of the most severe enactments. This fact of itself shews incontrovertibly, that there was then no rise in the value of gold in Britain, but that it was really cheaper here than in the continent; for it would be worse than ridiculous to suppose, that men would, at the risk of incurring punishment, carry away an article from a *good* to sell it in a *bad* market.

Average Amount of Bank of England Notes, including Bank Post Bills, in circulation in each of the following Years.

Years.	Notes of L. 5 and upwards.	Notes under L.5.	Total.
1807	13,221,988	4,183,013	17,405,001
1808	13,402,160	4,132,420	17,534,580
1809	14,133,615	4,868,275	19,001,890
1810	16,085,522	6,644,763	22,730,285
1811	16,286,950	7,260,575	23,547,525
1812	15,862,120	7,600,000	23,462,120
1813	16,057,000	8,030,000	24,087,000
1814	18,540,780	9,300,000	27,840,780
1815	18,157,956	9,161,454	27,319,410

From the foregoing Table of the Bank notes in circulation from 1807 to 1815, it is seen how rapidly they increased after 1808. The increased number of notes under L.5, may have been *partially* required, in order to make up for the guineas melted down and exported; but the excessive increase in the amount of those above L.5, at a time too that the demand for them was less than before, that the commerce of the country was not extended, and when economy in the use of paper was generally understood, could not fail to depreciate the currency, and effectually prevent the import of bullion, which had been stopped by the orders in council, from being again restored in any other manner. Although, therefore, it must be admitted, that political events were the chief causes of the sudden fall in the exchange that took place in the latter part of 1808, it is abundantly certain, that the increase in the issues of the banks at and after that pe-

riod, was the chief cause of its continuance for so long a time.

The inference we have just made, derives additional confirmation from the fact, that in 1808, when the orders in council began to operate, nearly *three* millions in specie was remitted to the Peninsula; but in 1809, the remittances did not amount to half a million; in 1810 and 1811, to little more than L. 700,000; and about one million and a half in each of the two subsequent years of the war. The votes of credit to our allies in 1813 and 1814, were almost all cancelled with shipments of manufactured goods and military stores; and of the sum of five millions voted to them, not more than L. 300,000 was paid in specie.* The high money price of bullion in 1809 and subsequent years, could not, therefore, be owing to the purchases made by Government in that period, for they were too trifling to have any such effect; and is altogether inexplicable, if we do not admit, that the immense additions then made to the circulating paper had sunk its value compared with the other.

The advocates of the restriction act, have insisted much on the expence of transmitting specie to the continent subsequent to 1808, as being the chief cause of the unfavourable exchange.

* Edin. Rev. No. li. p. 154.

They assume in this statement, that the *real balance* of payments was then against us; but of this there is not the shadow of evidence; and if the custom-house accounts are good for any thing at all, they exhibit such an exportation of British goods to the continent in 1809 and subsequently, as would authorise us to conclude precisely the reverse. Not to insist, however, on this circumstance, the cause here assigned will not account for the effects. Mr Goldsmid stated to the Bullion Committee, that in 1809, the expence of transmitting gold to Holland and Hamburgh varied from 4 to 7 per cent. inclusive of insurance, freight, &c.; and Mr Grefulhe's statement was to the same effect. But in January of that year, the exchange with Hamburgh was 9 per cent. and in July 16½ per cent. against this country; and in 1810, 1811, &c. it was still more to our disadvantage. The expence of sending bullion abroad, admitting that it was necessary to do so, will not, therefore, explain this extraordinary depression, all the fall above 7 per cent. remaining entirely unaccounted for on that principle.

From 1809 to 1813 inclusive, the exchange fluctuated from 8 to 30 per cent. against us. The currency of the foreign merchant, therefore, in his transactions with this country, was from 8 to 30 per cent. more valuable than

ours; and, as Mr Thornton remarks, he was not deterred from buying by our *nominal* prices, for "a compensation in the exchange was given for the disadvantage attending the purchase of our articles." * This circumstance, in some degree, contributed to increase our continental exports during the late war, notwithstanding of the decrees of Bonaparte, though its effects have been greatly exaggerated by Say, and other writers not so well informed. The annihilation of the neutral trade, preventing the importation of colonial produce and raw cotton into the continent for the purpose of manufacturing, rendered the merchandise of England almost indispensible; and to this our exporting, in spite of all difficulties, is to be ascribed. Mr Grefulhe stated to the Bullion Committee, that in 1810, cotton selling in England for 2s. per pound, was worth 6s. at Amsterdam, and 8s. at Paris; and that the chief articles of export from this country to the continent, brought prices there from *50 to 200 and 300 per cent. higher than they brought at home.* † The gain on exportation was, therefore, so enormous, that no despotic mandates could possibly prevent a great influx of British goods; and accordingly, immense quantities of them were disposed of in Holland, and other parts of the con-

* Essay on Paper Credit, p. 200.

† App. Bull. Rep. p. 67.

tinent. The distress of the manufacturers at that period, was not owing to the anti-commercial system adopted by the French, but to the cessation of the American demand, caused by the orders in council. These were not repealed, till they had done vital injury to our manufacturers, by shutting them out of their most extensive market, and till they had given a solid foundation to a dangerous competition in the United States.

British goods cannot now be vended to any extent on the continent, without a much greater reduction in their price, than the difference of exchange from 1809 to 1814 made on their nominal value. The *real* price of manufactured commodities, has been greatly raised by the former excess of our paper, the operation of the corn laws, and the oppressiveness of taxation; but it is clear, that no permanent advantage can be given in exchange to the foreigners on the *real* price of manufactures, without causing their certain ruin. If the *real* exchange were greatly against us, our warehouses might indeed be cleared of high priced goods, but then we would, in fact, be paying the foreigners for taking them away. A trade of that kind must be soon relinquished, every successive sale annihilating a part of the capital that carried it on. Hence, after a fictitious system has once been acted upon, and

after a great overissue of paper, a fall in the exchange cannot, as Mr Thornton imagines, enable our merchants and manufacturers to dispose of their goods to *any* advantage. To effect this most desirable object, the fictitious system itself must be abolished; a recurrence must be made to natural and sound principles; and if the price of provisions and of labour shall then rise, it will be from an increase in real, not imaginary riches.

The fact of the exchange with Hamburgh and other places having again come to a computed par, while *the restriction act continues in full force*, has been appealed to with much confidence, as affording a practical and clear proof, that the late unfavourable exchanges were not at all caused by the issues of the banks having been excessive, and that they originated *solely* in the peculiar political circumstances of the country. How such an inference could be drawn from such a fact, is really astonishing. No person ever contended that the restriction was prejudicial, but as it *enabled* the banks to issue too much paper. If the banks had never availed themselves of this power, if they had shewn a degree of forbearance not to be expected of any body of men, the restriction act, though unwise, would have been, as to consequences, the same as if it had never existed; besides, if the banks once made an improper use of their power under the restriction,

there was surely nothing to hinder them from again reverting to sounder principles. Absolute regulators as they were of the currency of the kingdom, nothing could prevent their issuing it in excess at one time, and too sparingly at another. It is, therefore, of no consequence to tell us, that the exchange is *now* at par, while the Bank restriction exists. To prove that the increased issues of the banks had no effect on the exchange, it must be shewn to be at par while as many notes circulate as in the periods of its greatest depression. If this can be established, and if the demand for them cannot be shewn to be equally increased, we shall be compelled to admit the truth of the long exploded doctrine, that a great relative redundancy of currency has no effect in rendering the exchange unfavourable.

The general average price of wheat in 1813 was about 108s. a quarter; but the price in the autumn of that year was considerably lower, owing to the importations from the continent, consequent on the opening the communication with Holland. In 1814, posterior to the first abdication of Bonaparte, from the proximity of France, and from the comparative cheapness of grain in that country, the importations were much augmented, and the price fell to 74s. a quarter. The fall in the price of grain in 1813 was not sufficiently great to cause any serious alarm to

the farmers, or to the country bankers. Confident expectations were entertained, that as soon as Parliament met they would prohibit the use of foreign corn, and that the prices would continue as they had been for the last five years. The rejection of the corn bill of 1814, and the opening of the French ports, put an end to these delusive expectations. The price of agricultural produce rapidly fell; and to fill up the measure of distress, the provincial bankers were generally compelled greatly to limit the amount of their usual discounts. All the defects of the fictitious system in which we had been proceeding at once became apparent: imaginary riches, which had been so long, and so very generally mistaken for real wealth, vanished away; leaving, in too many cases, only bankruptcy, and squalid poverty, to occupy their place.

It is not possible to say what part of the fall in the price of agricultural produce should be ascribed to the foreign importations, and what to the reduction of the circulating medium: But, considering how immensely the issues of the Bank of England and the country banks had been increased from 1808 to 1813, and the vast farming speculations undertaken by persons of small capital, in the expectation of obtaining discounts and loans, it is impossible not to ascribe a very considerable part of the fall to the sudden

withdrawing of their accustomed resources from the agriculturists. The shock given to paper credit in 1793, cannot, in point of extent, be for one moment compared with what has been lately experienced; yet even in that year, Mr Thornton, who had been governor of the Bank of England, informs us the price of corn fell in several places from 20 to 30 per cent. "The fall arose," he continues, "from the necessity of selling corn, under which some farmers were placed, to carry on their payments. Much of the circulating medium being withdrawn, the demand for it was in those places far greater than the supply; and the few persons, therefore, who were in possession of cash, or of what could pass as cash, having command of the market, obliged the farmers to sell at a price thus greatly reduced. *It was a new and sudden scarcity of cash, not any new plenty of corn, which caused the price of corn to drop.*"*

How exactly these particular facts represent the *general* situation of the farmers in 1814, must be evident to every person who knows any thing of the situation of the country in that period. Many agriculturists had not merely their rents to pay, but they had to dispense with and discharge the accommodations, previously afforded

* Essay, p. 197.

them by the bankers and their other friends. From the amount of their rents, some abatement might have been justly expected, and delay might have been granted in their payment; but the other demands were necessarily urgent, unlooked for, and incapable of diminution. That support on which many of the agriculturists rested, was torn away at the time it was most necessary. Credit fell to the ground, mutual confidence entirely ceased, and the fall of price was both *caused* and *accompanied* with the necessity of paying up every sixpence of borrowed capital the farmers might have in their possession, and with the further want of it during the continuance of the low prices.

In 1815, this state of things was only altered to the worse, and the price of corn fell to about 60s. a quarter. In the month of May this year, an act was passed, prohibiting the use of foreign corn till the price rose to 80s. a quarter; but that prohibition could not be of much consequence till the stock on hand was consumed. A great portion of the farmers had foolishly imagined, that this corn law would instantly raise the prices; and when they found themselves disappointed in this expectation, panic and dismay attained their acmè. Whatever confidence or credit might have survived in 1814 was now totally annihilated;

and in counties far removed from markets, the distress was extreme.

Since 1813, besides the diminution in the issues of *all* the country bankers, a considerable number of them have unfortunately been obliged to stop payment. Taking the number of private banks that year at 800, we will be much below the truth, if we take the average diminution of their issues at L. 20,000 each, which alone gives a reduction of the circulating medium to the extent of sixteen millions. Mr Horner, in a speech lately made by him in the House of Commons, states, " that from enquiries he had made, and from the accounts on the table, he was convinced that a greater and more sudden reduction of the circulating medium, had never taken place in any country than had taken place since the peace in this country, with the exception of those reductions which had happened in France after the Mississippi scheme, and after the destruction of the assignats. * He should not go into the question how this reduction had been effected, though it was a very curious one, and abounded in illustrations of the principles which had been so much disputed in that House. The reduction of the

* In some of the communications to the Board of Agriculture, published in their late Report, it is stated, that above three millions of paper has been withdrawn from circulation in the county of Lincoln only.

currency had *originated* in the previous fall of the prices of agricultural produce. This fall had produced a destruction of the country bank paper, to an extent which would not have been thought possible, without more ruin than had actually ensued. The Bank of England had also reduced its issues. As appeared by the accounts recently presented, the average amount of their currency was not, during the last year, more than between twenty-five and twenty-six millions; while two years ago it had been nearer twenty-nine millions, and at one time even amounted to thirty-one millions. But without looking to the diminution of Bank of England paper, the reduction of the country paper was enough to account for the fall which had taken place."*

There is one circumstance that explains why the issues of the Bank of England have not been still further diminished. The currency of those districts, where private banks have failed, and where their credit is suspicious, being now composed of Bank of England paper, it is spread over a larger surface than before, and, though its amount was the same, it would in this way be really reduced.

It being, therefore, certain, that in the last three years, at least twenty millions of notes have been withdrawn from the circulation of this coun-

* Morning Chronicle, 2d May 1816.

try,* is it surprising, that the value of the rest compared with bullion has increased, and that consequently our foreign exchanges have improved? Is not this fact the strongest possible corroboration of the doctrines advanced in the Bullion Report, and advocated by every writer on such subjects worthy of the least regard? They maintained, that if the quantity of the circulating medium was sufficiently reduced, the exchange would again come to par; and the fullest experience has completely justified their conclusions, and placed them beyond the reach of cavil and dispute.

If the recommendation of the Bullion Committee had been attended to in 1810, if the Bank of England had then been laid under the necessity of restricting its issues, much of the mischief that has lately overtaken the farmers, and the country bankers, would have been avoided; the evil would have been repressed *nearer* the commencement; and though the shock even then would have been very great, it must necessarily have proved much less sudden and paralizing than it has since done, when the reduction of paper was combined with other circumstances, of themselves sufficient to produce much misery.

* *Sixteen* millions of country bank paper, and *four* millions of that of the Bank of England.

In 1815, after the return of Bonaparte from Elba, the price of bullion rapidly rose, and the exchange became proportionally unfavourable to this country. This was a natural and unavoidable effect of the prodigious and unparalleled foreign expenditure we sustained that season. Bills on London swarmed in every part of the continent, and consequently sold at a considerable discount. They were *instantaneously* thrown into the market; but fortunately their influx ceased before any additional export of manufactured goods had time to counteract their effects on the exchange, which, as soon as this expenditure ceased, became rapidly favourable. Bank notes had not been forced into circulation during its continuance, and did not therefore oppose any obstacle to its return to par, when the cause of the temporary derangement was removed. The case was very different in 1799 and 1800. During the great expenditure of these years, a more than proportional addition being made to the currency, prevented the exchange reverting to par till upwards of two years after the drain ceased. The fact, therefore, that has been laid hold of as disproving the principles we have endeavoured to establish, affords them the most effectual support. We have stated, that, with the soundest currency, an unfavourable exchange might be induced, by suddenly throwing a vast number of

bills on London into the market; but we proved, that if the currency did not *afterwards* become redundant, the export of manufactures would very speedily restore the equilibrium, and that if the supply of these bills was suddenly exhausted, the exchange would *as suddenly* become favourable.*

SECTION THIRD.

Inquiry into the Rise of Prices throughout Europe since 1775; with some account of the Progress of Manufactures, and of the Increase of Population.

The greater part of the writers who maintain that our paper currency has not been depreciа-

* It is of some importance to observe, that although the expence of the short campaign of 1815 was incomparably greater than had been incurred in any previous year of the war, the exchange was not so much depressed. In 1811, the exchange with Hamburgh was at one time nearly 32 per cent. and during the whole of that year more than 20 per cent. against London. In 1815, notwithstanding of the suddenness and immensity of the expenditure, the exchange was not more than 18 per cent. against this country; affording a strong proof, that, in the former of these periods, the great comparative redundancy of our currency had been the chief cause of the depression.

ted since 1797, affirm that the value of gold rose in Britain, because of an increased demand for it in the continent. But we must recollect that an increased demand for specie in any country can only be caused by the prices there falling below what they had previously been from an increased production of commodities, or supposing the prices to remain the same, from the circulating medium of other states being augmented in a greater proportion. In either case, there is a transfer of bullion from the countries where produce is dear to where it is cheap ; and, as we shewed in the First Section, this transfer of bullion will continue till such time as the equilibrium of price is restored. If, therefore, the price of commodities has been falling in Europe since 1797, that circumstance will satisfactorily account for a portion of our specie having been sent abroad ; but it will also serve to prove the depreciation of our currency in the most incontrovertible manner. Gold and silver do not measure the value of commodities more than commodities measure the value of gold and silver ; consequently, if the real value of gold and silver has risen in Britain, because of a demand for them in the continent, the money price of produce must on that supposition, if our currency has been virtually the same as gold, be now cheaper, at all events not dearer than it was

when that exportation began. The contrary is notoriously the fact, our prices having risen, or the value of money in *this* country having fallen at least cent. per cent. since 1797.

Another and much more acute method of reasoning has been adopted by a few political economists, who deny the depreciation of our currency. They do not set out with an assumption whose inherent absurdity serves for its own confutation; but they maintain, that in *all* the states of Europe the currency has been as much depreciated as in our own; that, therefore, there has been no comparative redundancy of money in Britain, but that its value throughout Europe has equally sunk. In a word, they affirm, that prices since 1797 have risen as rapidly in the nations of the continent as they have done here.

Though the fact were such as now stated, it would nowise account for the long excess of the market above the mint price of gold, and for the unfavourable exchanges: these circumstances taken conjointly afford certain evidence of a depreciation, and are amply sufficient of themselves to determine the question at issue.

But not to insist on these proofs, we shall now endeavour to shew, that there has been no corresponding rise of prices in the continent, and that there has not been any fall in the value of money in the market of the world since 1775.

The importance, as well as the obscurity of the investigation which this part of our subject involves, will require it to be discussed at some length.

Dr Smith has shewn that the value of silver compared with corn was *less* in the fourteenth than in the fifteenth century, and that the money price of corn continued to fall till about the middle of the sixteenth century, when the silver of America was poured in immense quantities into Spain. This increase in the relative value of specie is easily accounted for. In the fourteenth and fifteenth centuries, the Italian republics began to shake off the lethargy of the preceding ages, and to cultivate a considerable commerce. Cities at that time acquired privileges which secured them from the rapacity of the nobles on the one hand, and of the kings on the other. The Hanseatic league had already become formidable to the sovereigns of the North, and had introduced arts and civilization into countries whose barbarism had ever remained impervious to the Roman power. The certainty of enjoying the fruits of their industry roused men into action, and new energy was inspired into the nations of Europe.

The quantity of specie, however, from the exhaustion of the then known mines, not increa-

sing in proportion to that of other produce, its value rose, and the money price of corn fell at a time that Europe was advancing in real wealth and riches. From 1570 to about 1640, on the contrary, the money price of corn continued to increase; but at the latter period, the effects produced by the discovery of the American mines in raising the price of corn seem to have been completed; and from 1640 to 1775, the value of corn compared with silver was nearly stationary, or had again begun to increase.

Dr Smith has further and satisfactorily shewn, why the importations of specie from America subsequent to 1640 had not the effect of raising the price of commodities. The continued improvement of Europe, of America itself, and the constant demand for silver in the Asiatic trade, sufficiently accounted for that fact. The quantity of exchangeable produce being increased every year, required a greater quantity of specie to circulate it at the same nominal price. The wear, rubbing, and loss of this specie from shipwrecks, &c. must have tended constantly to its diminution; besides, as nations increase in opulence, they become more enamoured of splendid and ornamental furniture. The quantity of plate and trinkets in all rich countries is immense, and the amount of bullion annually con-

sumed in their manufacture, in gilding books, in embroidery, &c. is necessarily very great.

These conclusions of Dr Smith are incontrovertible, and have seldom been disputed. The whole of the depreciation in the value of money we are now considering, is said to have taken place since the publication of the "Wealth of Nations," and to have been caused by the increased productiveness of the American mines, by the more economical use of circulating medium, and by the general extension of banking.

Dr Smith estimated the quantity of the precious metals annually imported into Europe at L.6,000,000 sterling. This estimate was founded on that of Mr Meggens, who computed the annual importation into Spain and Portugal on an average of the six years from 1748 to 1753 at L.5,746,000, and that of Raynal, who, on an average of eleven years, from 1754 to 1764, both inclusive, reckoned the annual importation at L.6,075,000.* In 1772, a very great increase took place in the productiveness of the Mexican mines,† and, according to the well informed M. Humboldt, at the era of the publication of the "Wealth of Nations," (1775), the annual importation was upwards of eight millions. Since that period it has gradually augmented; and,

* Wealth of Nations, vol. i. p. 326.

† The mines of Gualgayoc were discovered in 1771.

before the late disturbances in Spanish America, the same gentleman estimated the entire produce of the American mines at 43,500,000 dollars, or about L.9,500,000 sterling; * but as this estimate, as far at least as respects the importation from the Brazils, is not unsuspected of exaggeration, † we shall, perhaps, be justified in supposing it to have then amounted to the enormous sum of *nine* millions sterling.

The average price of wheat for the ten years ending 1774 was 45s. 6d. per quarter, and the average price of the quarter for the ten years ending 1794 was 45s. 2½d. Hence it is obvious, that during that period there had been no variation in the value of money as compared with corn. In 1795 and 1796, the prices were considerably higher, but these were both years of scarcity, and in 1797 the price fell to very near the former average. The greatly increased current of specie that had flowed into Europe from 1772 had not, therefore, previous to 1797, any effect on the prices of corn in this country. The increased consumption of the precious metals was then fully equal to absorb the augmented supply without leaving any room for depreciation. Something very peculiar must surely be-

* Statistical Essay on New Spain; English Translation, vol. iii. p. 394.

† Edinburgh Review, No. xxxvii. p. 190.

long to that year which could at once change a ratio of such long continuance; that, without increasing the supply of gold and silver, could at once lessen their demand, and make them sink in value in the market of the world. It is not equivocal or contradictory facts that will prove what is so much out of the ordinary course of events; they must be clear, explicit, and unquestionable.

The causes assigned by Dr Smith as preventing any depreciation in the value of money since 1640, have all been operating with increased energy during the last twenty years. The burying of gold and silver, which was very general in France before the Revolution, greatly increased in that turbulent period. * The same practice was universal in Germany and Italy; and there can be little doubt that the late extraordinary frequency of political changes throughout the continent would have the same effect in other countries, in increasing this mania for hoarding they had in France. And as a vast number of peasants and farmers have of late been killed in battle, and by mauraders, it is certain that a more than usual proportion of the money so deposited will never again be drawn

* *Sismondi de la Richesse Commerciale*, tom. i. p. 138, 143.

forth. In the despotical states of Asia and Africa, a vast quantity of specie is annually consumed in this manner. There, every rich individual reckons as his principal resource the amount of the treasure he has withdrawn from circulation; and every poor man trusts to earth whatever fruits of his labour the avarice of his masters enables him to realize.

Although there is now, comparatively speaking, very little specie circulating in Britain, there is still a very great consumption of bullion in different manufactures. According to Mr Chalmers, during the ten years ending with 1797, there were made into gold-plate - 10,171lbs.
In the ten years ending with 1809 16,942
In the first period there were made
of silver - - - - - - - - - 919,283
In the second period - - - - 1,130,451 *

The increase in the consumption of plated or gilt goods has been vastly greater during the last 20 years than in any preceding period. Every individual is now master of a watch; and in every part of the country, jewellery and trinkets of various descriptions are to be met with. Dr Smith estimated the quantity of specie annually consumed in Birmingham in plating, gilding, &c. at L.50,000, and it is certain that many times that

* Comparative Estimate, p. 470.

sum is now required for the same purpose in that city.

The demand for plate and costly furniture of that kind has proportionally increased in the continent. In 1795, Geneva alone consumed bullion to the value of ten millions of francs (L.416,000) in the manufacture of watches; * and previous to 1792, above 70,000 workmen were employed in the goldsmith and jewellery trade in Paris, Lyons, and Strasbourg. The revolution, no doubt, gave a momentary check to this branch of industry; but as we shall immediately shew, that the real wealth of the great mass of the people of France and of the whole continent has been much increased since that event, we shall be authorised to conclude that a greater quantity of bullion will now be required for plate, gilding, &c. than at any former period.

The increased productiveness of the American mines during the last half century, has been to a considerable extent counteracted and prevented from producing its full effect in Europe, by the enlarged consumption of the precious metals in South America itself. The valuable works of Humboldt exhibit the most satisfactory details as to the rapid advancement of the Spanish colonies in real wealth and riches. Un-

* *Peuchet. Statistique Elementaire de la France.* Paris, 1805, p. 425.

questionably they must of late have suffered temporary embarrassment and decline; but when they shall have succeeded in their noble efforts to shake off the galling chains of an odious and unprincipled despotism, their improvement in arts and manufactures will be infinitely greater than heretofore; and they will of course require a much greater portion of circulating medium.

North America draws the whole of its supplies of specie from South America, either by means of a direct trade with that country, or by the more circuitous rout of Europe. Since the revolution, that established an independent republic in that country, its improvement has been rapid in a degree altogether unknown in the eastern hemisphere. Not only the country bordering on the Atlantic has become much more populous and better cultivated, but civilization has also taken firm root in the interior of the country. The possession of New Orleans, by securing the navigation of the Mississippi to the United States, has opened up a market for the products of the immense and fertile territory watered by that mighty river. The facilities of internal communication, by means of water and other natural advantages, combined with the mild and liberal spirit of the government, the cheapness of land, and the lightness of taxation, must,

in the natural course of events, ensure the prosperity of this highly fortunate commonwealth.

Of all the pernicious effects caused by the late war, and the anti-commercial spirit in which it was carried on, perhaps none will eventually be found more prejudicial to this country, than the extraordinary impulse that was thereby given to American manufactures. The intercourse of the United States with Europe having been much obstructed, they were forced to rely on their own industry for a supply of those articles they had been in the habit of importing from thence. The attention of a considerable portion of the population was diverted from agriculture and domestic manufactures, to manufacturing on a great scale for the public demand. The effects were such as could hardly have been anticipated. In 1810, no fewer than 3,257,812 yards of woollen cloth were manufactured in the state of New York alone, at an expence to the manufacturers of about 4 dollars 57 cents, which they sold at the price of British cloth, or from 12 to 14 dollars per yard. It is clear, they might have sold it at a much less price with a great profit; and, as soon as British cloth came into the American market, it was so reduced to the almost effectual exclusion of the latter. In 1791, the first cotton mill used in America was erected in the state of Rhode Island; another was constructed in the same

state in 1795, and two in the state of Massachusetts in 1803 and 1804; ten more were erected before 1808; and by the commencement of 1811, *eighty-seven* were in full operation, turning 80,000 spindles.* The number of mills must have increased prodigiously since that period; for in the report of the committee of commerce and manufactures, presented to the House of Representatives of the United States, 13th February 1816, the number of bales of cotton manufactured in 1810 is estimated at 10,000, and in 1815 at 90,000. The capital now engaged in this branch of industry is, in the same document, estimated at 40 millions of dollars; the number of people employed at 100,000; and the number of yards of cotton manufactured in 1815 at 81 millions.

A severe check has undoubtedly been given to this excessively rapid progress in manufacturing, by the late influx of British goods, and by the losing prices at which they have been sold. It appears certain, however, that no European nation will, for any length of time, be able to compete with the Americans in their own market. The long voyage, and the consequent high charges for freight, insurance, &c. would of themselves, without the aid of protecting duties, of which the Americans are not sparing, give their manufac-

* Gallatin's Report to the House of Representatives, on the state of American manufactures in 1810.

turers a manifest advantage over foreigners. The high wages of labour in the United States, will be gradually reduced by the rapid progress of population, consequent on the cheapness of provisions, and by the employment of machinery. The raw material too being in their possession, and their taxes extremely moderate, we need not certainly be surprised, if we are not only forced to forego the American market, but find them dangerous competitors in that of Europe.

It is extremely probable, that manufactures would ere long have got a stable foundation in the United States, although the Government, and the peculiar circumstances of the times, had nowise encouraged them. Every part of America is at too great a distance from Europe, to be able to send many species of her rude produce to the markets there with any advantage. The western states are still more disadvantageously situated in this respect than those on the Atlantic, and could not possibly dispose of their wheat, cattle, &c. unless there were manufacturers among them; and accordingly it is stated, that in those western states, where improvement has been most rapid, manufactures have been introduced to a surprising extent.*

"No cause," Mr Gallatin judiciously observes,

* Report of the 13th of February 1816.

" has, perhaps, more promoted, in every repect, the general improvement of the United States, than the absence of those systems of internal restrictions and monopoly which continue to disfigure the state of society in other countries. No laws exist here, directly or indirectly, confining man to a particular occupation or place, or excluding any citizen from any branch he may at any time think proper to pursue. Industry is in every respect perfectly free and unfettered; every species of trade, commerce, art, profession, and manufacture, being equally open to all, without requiring any regular apprenticeship, admission, or licence. Hence the improvement of America has not been confined to the improvement of her agriculture, and to the rapid formation of new settlements and states in the wilderness; but her citizens have extended their commerce to every part of the globe, and carry on, with complete success, even those branches for which a monopoly had heretofore been considered essentially necessary."

The population of the United States in 1800, amounted to 5,309,758 individuals of all classes, and in 1810 it amounted to 7,239,903. * If the increase of population since 1810 has been pro-

* Pitkin's *Statistical View of the Commerce, &c. of the United States.* Hartford, (America) 1816.

portional to its increase in the preceding ten years, the United States, exclusive of the Floridas, will now contain about 8,800,000 inhabitants; and, including the Floridas, and making allowance for the late excessive emigrations from Europe, the present population cannot be reckoned short of NINE millions.

There is thus in North America an immensely increased and rapidly increasing demand for the specie of its southern neighbours: a demand many times greater than when Dr Smith wrote, and which could not have failed to raise its price, had not the supplies been greatly augmented since 1770.

The table of prices at different epochs (1728, 1798, 1811,) given in Mease's Picture of Philadelphia, shews that there has been no general rise on the articles of primary use between 1798 and 1811. Some of them have risen a little, and others have fallen during that period; but, on the whole, their equality is at once obvious and striking. †

† In 1798, fine bread sold at 75s. per cwt. (Pennsylvania currency,) and in 1811 it only brought 67s. 6d. In the same period the price of middling bread rose 7s. 6d. per cwt. Money accounts in America are generally kept in dollars and cents, but as the nominal value of the dollar varies in different states, and in none of them corresponds exactly with its value in Britain, this circumstance must always be taken into account in comparing their prices together, and with our

The following statement of the price of wheat per bushel, from 1806 to 1813 inclusive, is extracted from the valuable work of Mr Pitkin.

	Doll. Cents.		Doll. Cents.
1806	1 33	1810	1 50
1807	1 25	1811	1 75
1808	1 25	1812	1 94
1809	1 25	1813	1 75

The export of wheat from the United States to Europe in 1811, 1812, 1813, was vastly greater than ordinary, and sufficiently explains the rise in these years above the mean price of 1 dollar 25 cents, or 5s. 7d. per bushel. †

We now proceed shortly to examine the progress of industry in the principal states of Europe, and, by a comparison of prices, to determine whether there is any ground for concluding that gold and silver have lately sunk in value. We begin with FRANCE, by far the most important of the continental nations, and, in respect of civilization, nearly on a par with this country.

own. It was lately stated in the public prints, as a proof of the dearth of provisions in Baltimore, that wheat was then selling at 10s. per bushel, and mutton at 9d. per pound; but it should have been mentioned, that the shilling there is only equal to $7\frac{1}{2}$d. of our money, and consequently the price of wheat bought with English currency would only have been 6s. per bushel, and the mutton less than 6d. per pound. *App. Bull. Rep.* No. 62.

† *Statistical View*, &c. p. 91, 92.

Whether the French revolution has been propitious, or otherwise, to the social relations and general happiness of Europe, may perhaps be questioned; but there can be no doubt of its having much improved the condition of the great body of the French people themselves, especially those supported by agriculture. The abolition of the hereditary privileges of the nobility and clergy, of the gabelle, the corvées, and other grievously oppressive and partial imposts and burdens, would of themselves have sufficed to render the situation of the farmers and peasants more respectable and comfortable. It was not, however, in this way only they were benefited; a great portion of the property of the emigrants and of the church came into their hands at very low prices; from being dependents, they became independent. Their political and religious equality, and the inviolability of their property, being secured and protected by a vigorous and energetic government, a new and effectual impulse was given to their industry, and to the improvement of the country. The farmers and peasantry were no longer oppressed and plundered by rapacious nobles, and ignorant monks; and their industry being exerted for their own advantage, did not fail to produce corresponding effects. *

* An ample and authentic account of the various oppres-

"On my first landing," says Mr Birkbeck, "I was struck with the respectable appearance of the labouring class: I see the same marks of comfort and plenty every where as I proceed. I have inquired, and every body assures me, that agriculture has been improving rapidly for the last twenty-five years; that the riches and comforts of the cultivators of the soil have been *doubled* during that period; and that vast improvement has taken place in the condition and character of the common people." * The testimony of this excellent traveller is confirmed by Peuchet, who tells us, that the agriculturists, who formerly lived on a very rude diet, and were only regaled with an unhealthy beverage, have now abundance of butcher's meat, bread, wine, cider, and beer; and he adds, that colonial produce, since the increase in the wealth of the cultivators, is very generally distributed throughout the country. † Much as the ministers of Louis might have wished to represent the country as

sions and hardships inflicted on the peasantry and lower classes of the people of France, by the feudal tyranny existing in that country previous to the revolution, may be found in Mr Young's Travels. No man of common feelings, this writer observes, can possibly regret the fall of that abominable system, which made a whole parish slaves to the lord of the manor.

* Birkbeck's *Tour in France*, 4th edit. p. 11.

† *Peuchet. Statistique Elementaire de la France*, p. 280.

ruined and impoverished by the revolution and the sway of Bonaparte, they were forced to admit the improvement that had taken place in its agriculture. The fact was too certain, two self-evident, even for *them* to attempt to controvert or deny it.

It is this great improvement of agriculture that enables us to explain the otherwise unaccountable fact of the population of France having increased, notwithstanding of the massacres of the revolution, of the sanguinary wars in which she has been since engaged, and the loss of her foreign trade. In 1785, Necker estimated the population of France, exclusive of Corsica, at 24,676,000; and inclusive of that island, at 24,800,000. In 1789, Pomelles, from a comparison of the registers of births, deaths, and marriages, reckoned the inhabitants of France, including Corsica, at 25,065,883 individuals of all ages and sexes. A committee of the National Assembly bestowed a great deal of attention to the same subject, and the result of their inquiries gives a population of 26,363,074; but from the circumstance of the taxes being diminished to the poorer classes in proportion to the number of their children, there is reason to suspect that this estimate may have been somewhat too high. This suspicion derives some confirmation from the fact, that in the table framed by the National

Assembly, the population of the department of the Seine, or of Paris, is reckoned at 725,333,* when later and more correct returns only give a population of 629,763,† though the city is known to have increased considerably since 1790. Subsequent to the revolution, and when the conscription was organized, it became of essential consequence precisely to ascertain the number of inhabitants, and all the different enumerations demonstrate an increase. In 1805, the population of the whole Empire, including Corsica and the annexed departments, according to the most accurate computations, amounted to 34,518,385; and as the population of Flanders, Piedmont, and the other annexed districts, amounted in all to 6,750,960, the entire population of Old France, (inclusive of Corsica, and the department of Vaucluse, containing Avignon, and a population of 190,000 souls,) must then have been equal to 27,767,425.

The more costly manufactures have, perhaps, declined in France since 1789. The fortunes of the great proprietors being divided, and external commerce being almost annihilated during the war, there were but few purchasers of very expensive goods. It does not appear, however, that there has been any falling off in the manu-

* Young's Travels in France, 2d Edit. Vol. I. p. 479.
† Peuchet, p. 255.

factures of general use, and on the contrary many of them have greatly advanced. The improvement in the circumstances of the agriculturists causing an extension of the home market, made some amends for the loss of the foreign trade. Peuchet says, that, notwithstanding the decline of the silk manufactories at Lyons, the internal consumption was augmenting;* and it is extremely probable, that any falling off in the silk trade is not to be ascribed so much to a decrease of the exports, as to the increased consumption of cottons. Delessert, quoted by Peuchet, affirms, that in 1805, there were 50 large and 200 small establishments for spinning cotton in France, able to put in motion from 300,000 to 400,000 spindles. That number has since been greatly multiplied, though they are still inadequate to furnish a sufficient supply of yarn to the weavers. †

Mr Young, when contending for a rise of prices in France, ‡ founds on the Report of M.

* Peuchet, p. 419.

† Mr G. A. Lee stated to the select committee of the House of Commons, appointed last session to inquire into the state of children employed in manufactories, that the cotton-factories at Rouen and Paris almost rival those of England: that they are possessed of *equally good* machinery; and have in every considerable establishment English overseers, enjoying all the advantages of our experience.

‡ In his pamphlet entitled, "Inquiry into the Rise of Prices in Europe, &c." published in the Pamphleteer, No. XI.

Silvestre, presented to the Society for promoting Agriculture at Paris in 1805, where it is stated, that in most of the departments, the price of labour since 1789 is increased by one-third, in others by one-half, and that in a few it is doubled; and that the prices of cattle, agricultural implements, &c. were increased in nearly similar proportions; and, on the speech of M. Daru to the legislative body in 1810, in which he argued that Louis the XVIth, with a civil list of 25 millions, would be as rich as the Emperor with a sum *one-third* greater, on account of the increase in the cost of the articles on which it would have to be expended. It is, however, certain, that an increase will take place in the price of many kinds of produce in a country that is improving, without any fall taking place in the real value of money. Such a fall can only be inferred from a permanent rise in the price of corn; and there is unquestionable evidence to prove, that its price has not risen in France since 1770.

From the fact of an additional supply of corn, in countries where it is the chief food of the inhabitants, creating an additional demand for that article,* and a diminished supply a diminished

* Si la quantité de blè decuplait dans le monde, la demande du blè decuplerait aussi, parce qu'il naîtrait des hommes pour le manger; et le blè, relativement aux autres denrées garderait a peu pres sa même valeur.—*Say*, tom. ii. p. 21.

demand, circumstances in which the cultivation of corn differs from any other species of industry, it follows that the demand for it, on an average of some years, is more nearly equal than for any other commodity. It is true also, as Dr Smith has observed, that the expence of raising equal quantities of corn in different stages of improvement is nearly balanced. The price of cattle, the principal instruments of agriculture, of machinery, and of labour, being greater in an advanced than in a rude stage of society, serve as a counterpoise to the ameliorations that may have been introduced in the system of cultivation; and rendering the *real* expence bestowed on the raising of corn nearly equal at different periods, it becomes a "*more accurate measure of value than any other commodity or set of commodities*;" * and therefore it is by the rise and fall of its *nominal* price, that we can best judge of the rise and fall in the value of money. †

The very important table of the price of wheat at the Paris or Rosoy market for 146 years, ending 1788, given by Mr Young in his Travels in France, and inserted below, shews that from 1766 to 1775, the price was higher than in any

* Wealth of Nations, vol. i. p. 293.

† Say, tom. i. p. 358.

other period of the century.* In 1763, Louis the XVth conferred an essential benefit on agriculture, by granting an entire freedom to the home trade in corn. And by an edict of the following year, a liberty of exportation from the greater part of the French ports was also granted till such time as the home price should reach 30 livres the septier, about 48s. the Winchester quarter.† This liberty of exporting, combined with a cessation of the supplies which some parts of France previously drew from England, but chiefly the very bad seasons from 1766 to 1771 in-

* Table of the price of the septier of wheat, at the Paris or Rosoy market, for 146 years, ending 1788.

	liv.	so.	den.		liv.	so.	den.
From 1643 to 1652,	35	14	1	From 1726 to 1735,	16	9	4
1653 1662,	32	12	2	1736 1745,	18	15	7
1663 1672,	23	6	11	1746 1755,	18	10	11
1673 1682,	25	13	8	1756 1765,	17	9	1
1683 1692,	22	0	4	1766 1775,	28	7	9
1693 1702,	31	16	1	1776 1785,	22	4	7
1703 1712,	23	17	1	1786,	20	12	6
1713 1715,	33	1	6	1787,	22	2	6
1716 1725,	17	10	9	1788,	24	0	0

General average of the 146 years, 24 liv. 1 so. 4 den.

This Table, and the calculations in the text, refer to the price of the very best wheat, or *blé de tete,* weighing 240 lbs. mark the septier. The medium sort only weighs from 220 to 230 lbs.——N. B. Lavoisier estimated the *ordinary* price of wheat in France before the revolution at 24 liv. the septier. *Say,* tom. i. p. 352.

† The Winchester quarter is equal to one septier and $\frac{3}{11}$, or to $1\frac{7}{2}$ very nearly.

clusive,* appear to have been the causes of the unusual rise in the prices of that period. The confusion of the revolution, by distracting the attention of the cultivators, rendered the crops deficient; and since, there have been a few seasons of scarcity, but there has not been any general rise of price.† In 1800, the mean price of wheat in the Paris market was exactly 14 fr. 19 cents the hectolitre, equal to 21 fr. 28 cents the septier.‡ In the following year, the mean price of the septier in the eleven departments forming the district of the North, which comprises Paris, reached 29 fr. 40 cents; but the price was then reckoned very high.§ Peuchet gives us a table of the price of wheat in the different departments of France during the month of February 1805, and the mean price of the hectolitre in the above-mentioned district is 16 fr. 55 cents, or 24 fr. 60 cents the septier.|| From this period up to 1812,

* Œuvres de Turgot, tom. vi. p. 182.

† In 1789, 1794, and 1795, the price of corn was very high in France, and the lower classes suffered much distress. In 1798 and 1799, too, a scarcity was felt; but since that period, the prices have been nearly the same as before. The including these five years of scarcity in the average from 1788 to 1805, induced M. Silvestre to say in the report we have noticed, that the price of wheat had risen *one-sixth* in France since the revolution.

‡ Statistique Generale de la France, &c. tom. vii. p. 268.

§ Peuchet, p. 291. || Id. p. 450.

when there was a slight deficiency in the crops, the prices continued to *decline*. In July 1814, Mr Birkbeck states the price of wheat in the market at Rouen, one of the most populous manufacturing towns in France, as being equal to 34s. our quarter, which nearly corresponds to 14 fr. 70 cents the hectolitre ;* and in October of that year, Mr Malthus states, that the average price of the hectolitre in 14 different markets (of Normandy, I presume,) was 16 fr. 21 cents, being 24 fr. 31 cents the septier, or 36s. 8d. our quarter : † and it is of importance to observe, that this average was taken *after* riots had occurred both at Havre and Dieppe on account of the rise of prices, and the quantity of wheat exported. Mr Malthus adds, that, according to all the information he had obtained, average prices had not been higher in France during the last *ten* years. ‡

The law of 1814, authorising the export of corn from France, ordered that it should cease whenever the home price reached 49s. our quarter : and as the object of this law was to conciliate the landed interest, and to encourage and

* Tour in France, p. 12.

† According to Mr Malthus, 38s. our quarter : but this proceeds on the supposition of the par of exchange being 24 fr. to the pound sterling, whereas it is 24 fr. 73 cents.

‡ Grounds of an Opinion, &c. p. 13.——N. B. The franc is equal to 1 livre 0 sous 3 deniers.

promote cultivation, we may be certain that 49s. was reckoned a very high price. But, we have already seen, that in 1764, when such powerful motives to fix a high price could not exist, exportation was allowed till it reached 48s. the quarter. This fact of itself sufficiently shews, that the ordinary price of corn previous to 1814, was not higher than it had been previous to 1764.

It may be added, that Mr Young, in his late Pamphlet,unequivocally admits the price of wheat in France has not risen since 1763.

In a country where neither the population nor tillage is extending, it is evident there can be little change in the relative price of corn or butcher's meat. Supposing, however, an impulse to be given to the population from an effective demand for manufacturing labour, or from the introduction of a more extensive and improved system of agriculture, it is certain that the price of butcher's meat would increase faster than that of corn. The extension of cultivation, by diminishing the quantity of pasture grounds, enhances the price of cattle; and, as Dr Smith has stated, they necessarily continue to rise, till such time as it becomes equally profitable to raise them as to raise corn.* But it is not solely by

* Wealth of Nations, vol. i. p. 343.

the diminution of the number of cattle that an increase in the effective demand for labour enhances their price: it does so indirectly, by raising the wages of the lower classes, and enabling them to indulge more in animal and other nutritive food. Mr Arnould estimated the mean annual consumption of each individual in France previous to the revolution, at 583 liv. of bread, and 80 liv. of flesh; in 1805, Peuchet estimated it at 509 liv. of bread, and 133 liv. of flesh.* And combining this fact of an increased consumption of butcher's meat, with the great extension of tillage in France, resulting from the more minute division of property, we perceive the true causes of the enhancement of the price of cattle, in which we may rest assured the depreciation of money has not had the slightest concern.

Although the wages of labour are ultimately dependent on the price of corn, yet particular circumstances may make the one increase or decline in price relatively to the other during considerable periods. A continued increase in the wages of labour, without a corresponding rise in the price of corn, is decisive of an amelioration in the situation of the great body of the people: And on an average of ten or twelve years, it can only proceed from a much greater demand for

* Peuchet, p. 377.

labourers, combined with a much better system of cultivation; or what is nearly, though not exactly, the same thing, with a much more extended production.

In 1788, Mr Young estimated the average wages of agricultural labour in France at 19 sous, or nearly 10d. per day. Mr Birkbeck informs us, that in 1814 its mean price was from 1s. 3d. to 1s. 8d. or 1s. 5½d. per day, being a rise of 70 per cent. And as the price of bread is the same now as in 1788, and flesh meat only about one-third dearer, it is indisputable that a vastly increased power over the necessaries and luxuries of life has been vested in the peasantry of France by the revolution.

This rise in the price of labour has been said to be a consequence of the diminution of the number of labourers, caused by the conscription, &c. But the fact of the population having increased under its operation, shews the futility of this remark: It is a consequence not of the losses, but of the increasing wealth and real prosperity of the whole country.

"It is the constant practice," says Mr Birkbeck, "of the women of France to perform many of the operations of husbandry, which in most parts of our island are confined to men; and, from the universal cultivation of the country, there is much more field labour there than with

us; women are therefore seen in far greater numbers in the fields by the passing traveller. From which, and the concurrent testimony of the gazettes for the last twenty-five destructive years, an Englishman, unacquainted with the habits of the French peasantry, and probably under the influence of political excitement, very naturally infers a deficiency of the male population. This was a subject we never lost sight of; and from observation and inquiry in every part of our journey, we were fully convinced that the alleged disproportion between the sexes does not exist. The abstraction of men was not felt as a public grievance until the last two years of Bonaparte's tyranny, when the draughts amounted to a number, as I was informed, considerably exceeding a million.* Very many of these, however, as well as of former conscriptions, had returned when we visited France. Indeed, the proportion which the French armies bore to the mass of the people, was little more than half the number absorbed by our army and navy, in proportion to our entire population; and to these we have to add the prodigious number with us employed in commerce, who are

* A very great number indeed; but we must recollect that the French Empire then comprised the greater part of Italy, the whole of Belgium and Holland, and some smaller districts.

equally abstracted from the home supply; yet *we* are not sensible of a paucity of males." *

M. Daru, in the speech we have already quoted, took into view, no doubt, the greatly enhanced cost of colonial produce. The rise on cotton, sugar, coffee, tea, &c. caused by the war, was extremely great, and must have seriously affected the comforts of people in the higher and middle classes. It would, however, be altogether ridiculous to draw any conclusions in favour of the idea of a depreciation in the value of money from that circumstance; for no sooner had peace been made, than colonial produce immediately fell back to its former price.

Spain.—The supporters of the opinion of a general fall in the value of money throughout Europe, have laid much stress on the advance said to have taken place in the price of corn in Spain during the last half century. But although this advance were as certain as it is doubtful, there are many obvious ways of accounting for it, without recurring to this hypothesis.

At the commencement of the eighteenth century, the Spanish monarchy had reached its lowest point of depression, and during the last

* Birkbeck's Tour, Appendix, p. 10.

forty or fifty years, it has again been improving. The exertions of La Ensenada and of Campomanes, effected some reformations in the financial department; and procuring the abolition of a few pernicious restrictions, powerfully contributed to revivify the national industry, and to awaken their countrymen to a sense of their true interests.

At the accession of the Bourbon dynasty, Spain was almost entirely destitute of manufactures, and her internal consumpt and that of her colonies, were supplied by foreigners. But now, notwithstanding of the tax imposed on every sale of commodities,* of the almost total want of canals and of good roads, and of the numberless holidays that crowd her calendar,—she is nearly able to supply her home market, and exports a considerable quantity of manufactured goods to

* Called the *Alcavala*. This is an *ad valorem* tax, nominally of 14 but really amounting to 6 or 7 per cent. payable on all commodities, both on the raw material, and on manufactured goods. It is exacted every time the property changes hands, and is always rated according to the selling price: For example, it is exacted from the pasture rents, the cattle again pay it at every sale and re-sale; and after all, the butcher's meat pays it when sold to the consumer. The Catalans reckon themselves happy in having got an oppressive income tax, from which not even the wages of labour are exempted, substituted in place of the alcavala. *Bourgoing Tableau de l'Espagne. Londres,* 1808. tom. ii. p. 16; *Jovellanos, in the translation of Laborde; Townsend's Travels in Spain,* vol. ii. pp. 178—198.

her colonies;† affording incontestible evidence of the power and eminence to which she might have attained, under a government that would have encouraged and rewarded industry, in place of sedulously fostering the inquisition, superstition, and idleness.

The improvement of manufactures has been chiefly conspicuous in Catalonia. This province, by particular privileges, enjoys an exemption from the *alcavala*, and some other ruinous imposts; and the exertions of Campomanes procured the removal of the *bolla*, characterised by Mr Townsend as the worst impediment to manufactures the blind avarice of sovereigns ever invented. Since that auspicious period, the proverbial industry of the Catalans has been exerted with more than its ancient vigour. Unfettered by impolitic restraints, and permitted to set their own value on their commodities exposed to sale, their industry is free; while that of less favoured provinces, harassed incessantly by the collectors of the revenue, and the interposition of the magistrate with his assize, is crippled in all its operations.

Silk goods are manufactured to a great extent in Catalonia, and it nearly engrosses the whole of the Spanish trade in weaving and printing

† Laborde's View of Spain, vol. iv. p. 369.

cottons. In 1790, a factory for spinning cotton was erected at Barcelona, the flourishing capital of this province; and in about fifteen years, there were no fewer than 100 similar establishments in that city, and a still greater number in the adjoining country.*

The Spanish West Indian and American trade, after being long confined to Seville, was, in 1720, transferred to Cadiz, and excluded from the other ports. While the trade languished under this restraint, a very few ships sufficed to carry it on, and it was of almost no consequence to the state. The absurdity of the restriction at length became obvious; and, after various modifications, in 1739 and 1764 it was totally abolished in 1778 by Charles III. who, at the suggestion of the celebrated Galvez, threw open the trade of America to *all* his subjects, except the Biscayans.† The beneficial effects of this edict were unprecedented; the exports to America *quadrupled* in the course of ten years, and have continued to increase. In 1788, Spain had only four or five hundred merchant ships; but previous to the late convulsions, Catalonia itself possessed above a *thousand* ships, and the city of Cadiz more than a hundred ship-owners.

In 1768, the inhabitants of Spain, of all ages

* Laborde, vol. iv. p. 351. † Townsend, vol. ii. p. 400.

and sexes, were estimated at 9,307,000. By the census of 1787, this number was found to have increased to 10,144,000; and, according to Laborde, the census of 1797 and 1798 gives a population of above 12 millions.*

When the removal of a few restrictions on trade has so greatly increased the national industry and population, we may easily conceive what would have been the present state of Spain, if the wretched nature of her *domestic* policy, which effectually counteracts and oppresses every species of rural industry, had been totally changed. We shall very briefly delineate a few of its more striking peculiarities.

The immense extent of property held in Spain by a few nobles under the strictest entail, and the still greater extent of territory belonging to the church and to corporations, are ranked by Jovellanos † in the first class of obstacles to agri-

* These estimates are all very loose, and cannot be much depended on; but the fact of a great increase since 1750 is unquestionable.

† This excellent person was imprisoned six years, for the sole offence of publishing his invaluable Memoir on the best means of promoting agricultural improvement. It must ever be lamented, that all the blood and treasure expended by the Spaniards and the English in the late peninsular war, should have only served to re-establish the detestable tyranny under which that unhappy country had so long groaned. The contemptible bigotry, base ingratitude, and ruffian cruelty of Ferdinand, will ever be remembered; but for the welfare of

culture. General information has not there, as in Britain, pointed out to heirs of entail, that their own interest is inseparably connected with the proper management of their estates, and that to draw a great revenue from them, it is necessary they should be well managed. The needy and imbecile nobleman who lives at court, entrusts the direction of his affairs to an agent in the country, with the sole instruction to remit all the money he can procure to the capital, totally regardless of the welfare of his tenants. It is not to be expected, that in such a state of things, agriculture can make much progress; and the law rendering void the leases of entailed estates on the death of the granters, seems to have been ingeniously devised for its total destruction.

The advantages resulting from the freedom of an *internal* corn trade, are nearly unknown in Spain.* The superfluous produce of one part of

humanity, it is devoutly to be wished, that historians may soon have to record his *legitimate* and exemplary punishment.

* In 1752, the Marquis de la Ensenada succeeded in procuring an abolition of some restrictions on the internal corn trade; but as late as 1804, none but common carriers were permitted to buy the grain of the country to sell it again, without a special licence from government. (*Edin. Rev.* No. ix. p. 135.) Exportation to foreign ports was authorised in 1765, was again forbidden, and subsequently permitted in 1783; but the multiplicity of custom-house regulations, renders this liberty, like the former, merely nominal.—*Townsend,* vol. iii. p. 259. *Bourgoing,* tom. ii. p. 165.

the country cannot, without much difficulty, be employed in making up any deficiency in the crops of another. The rapid progress of commerce and manufactures in Catalonia, has, notwithstanding of the improvement of its agriculture, caused an increased importation from France and other foreign countries. Had the internal commerce in grain been unrestricted, this supply would undoubtedly have come from the fertile province of Castile, where agriculture has greatly declined since the transfer of its commerce and artisans to Barcelona, and the consequent diminution of the home demand.

The circumstance of the trade in corn between the different divisions of Spain being greatly shackled, would of itself serve to cause great differences in its prices. But the operation of these restrictions is powerfully assisted by the miserable state of the roads, and by the extreme difficulty of transporting agricultural produce to any distance. The fanega of wheat in 1757 sold at Valencia at six reals, and brought at St Andero, the nearest market, 22 reals. * Even now, the corn purchased in the markets of Leon, and sent to the seaports and capital of the Asturias, sells for about 20s. 10d. per load more than at the place of purchase, though the distance is not above 20 leagues. † Hence

* Laborde, vol. iv. p. 294. † Id. vol. iv. p. 288.

it is evident, that a knowledge of the price of corn in Spain at a *particular* market, cannot by any means enable us to judge of its average price throughout the country.

In no country in Europe are there such fluctuations in the markets as in Spain. The trade of corn merchants and middlemen being in a manner unknown, there is little providence used in the distribution of the crops. Large landed proprietors and government frequently purchase and store up corn, which they again sell to the people, when the price has risen sufficiently high to tempt them to part with it. These purchases, however, are not made when corn is plenty, but when there are strong grounds to believe the crop deficient; and this circumstance quickening the apprehensions of the people, the very methods taken to prevent a famine, tend to increase alarm, and to bring it on. Mr Townsend mentions, that in 1652 wheat sold in Seville at 15s. 3d. a bushel, and in 1657 so low as 1s. 4d.* In May 1800, wheat sold at Medina de Rio Seco at about 28 reals the fanega; and in May 1804, it brought no fewer than 155 reals.† Such sudden variations are alike prejudicial to the agriculturists and consumers, ruin frequently assailing the one, and famine the other.

* Townsend, vol. ii. p. 220. † App. Bull. Rep.

There is a still more disgusting feature in the internal policy of Spain. The proprietors of the great sheep flocks called the *Mesta, in many provinces entirely prevent any pasture land from being converted into tillage;* and not satisfied with a monopoly of the grass, they even *prevent the crop lands from being enclosed,* lest the migrations of the flocks should be obstructed.* It is a necessary consequence of these absurd regulations, that unless the corn raised on the lands formerly in cultivation is adequate to supply the increased population with food, its price must rise in order to induce a greater importation.

It was not, therefore, requisite to suppose a depreciation in the value of money to explain any increase that may have taken place in the price of corn in Spain. The fact of its population having of late considerably augmented, and of the existence of those obstacles to agricultural improvement we have cursorily noticed, are of themselves fully sufficient to account for the rise.

Among the valuable tables printed in the Appendix to the Bullion Report, is one of the prices of wheat at Seville from 1675 to 1764 inclusive, and during that period there is *no rise.* It is

* Jovellanos's Essay.—In 1788, the government authorised the enclosing of kitchen-gardens, and lands appropriated to the culture of vines and seeds.

much to be regretted that this table has not been continued to a later date, as it would have shewn us the exact rise since 1764 at a single point, which, from the circumstances already mentioned, cannot be learned by a comparison of the prices in any other market since that date. The tables of the price of wheat in Castile, Estremadura, Andalusia, &c. from 1788 to 1792 inclusive, indicate a *fall* in that period: and if any inference could be drawn from the prices in the market of Medina de Rio Seco* from 1793 to 1801 inclusive, as compared with any of the above, it would shew a still greater fall.

Mr Jacob states, "That taking two averages in Spain from 1793 to 1798, and from 1799 to 1804 inclusive, the average price of wheat of the latter period above the former was about 58 per cent., and in barley 40 per cent." †—This is a rapid fall indeed in the value of money, and ought to have stimulated the gentlemen who have reasoned from it to inquire, whether there was no other circumstance that could explain it. Bourgoing informs us, that the years 1803 and

* From 1793 to 1801 inclusive, prices have somewhat fallen in this market: The average price of the fanega of wheat in the month of May in that interval was 39 reals vellon: in Old Castile from 1788 to 1792 it was 45 reals, and in Estremadura for the same period, 42.17—*App. to Bull. Rep.* Nos. 31, 32.

† Quoted by Mr Young in his *Inquiry*.

1804 were anomalous in the annals of Spain: Contagious diseases, the inclemency of the heavens, and famine, laid waste the whole country: above *nine* millions of fanegas of wheat were imported from abroad, and the price of corn rose to *six* or *seven* times its mean price.*—Mr Jacob was not surely ignorant of these facts, and he ought to have made allowance for them. He must know, that unless deduction is given for years of absolute famine, in the striking of averages *for short periods*, they can communicate no information as to the state of prices at different epochs.

In estimating the rise of prices in Spain, the various alterations in the weight and fineness of the coin must be carefully kept in view. A *real*, such as now circulates, is valued in money tournois by Laborde at 5 sous, and one of the old *reals*, or such as circulated previously to 1772, at 6 sous 3 deniers: This will explain a rise in the money price of corn since that time of *twenty-five* per cent.†

* Bourgoing, tom. ii. p. 162.

† In Spain the coin has been debased to a greater extent than in any other European state. The *maravedi*, which is now only equal to about $\frac{4}{272}$ of an English penny, in 1220 weighed 84 grains of gold, and of course was as valuable as 14s. of our present money. (Lord Liverpool on *Coin*, p. 111.) Had Laborde been aware of this fact, he would not have stated as an example of the former low price of grain in Spain, that in

On the whole, it appears certain, that from 1786, when Mr Townsend travelled in Spain, up to the commencement of the late convulsions, *there had not been any rise of prices there;* and the previous rise, which is but inconsiderable, is sufficiently explained, from the peculiar political circumstances of the country, and from the lowering the value of the coin.

Italy.—In Italy the price of wheat has considerably increased during the last thirty years; but this is an effect of the free corn trade lately enjoyed by that country, allowing its produce to find its level in the European market. Were the exportation of corn from Dantzic forbidden, its price would fall; but no person would, therefore, say that money had risen in value; repeal the restriction, and it would again rise, but the value of money would not on that account be diminished. The fact that in ordinary years, Italy exports large quantities of corn to Marseilles and Barcelona, where the price has been stationary, proves that the increase of its home price is not owing to any fall in the value of money, but solely to an extension of the demand.

If the gentlemen, who so charitably endeavour to console our starving manufacturers for

1280, during a season of scarcity, wheat sold at 12 maravedis the fanega.

the high price of corn in Britain, by telling them it has also risen in Italy, could prevail on Parliament to throw open the corn trade, it would then be seen that the cases are totally dissimilar. Our prices would *fall* to the level of the European market, because they are kept up by a fictitious system. In Italy the prices *rose* to that level, because they had been fictitiously depressed.*

Sismondi† informs us, that the law against the exportation of corn, framed by the first grand Dukes of the Medici family, entirely ruined the agriculture of Tuscany, which previously produced *four* times as much grain as was necessary for the consumption of the inhabitants; after the repeal of this prohibition by Leopold in 1775, agricultural improvement of all kinds made astonishing progress, and in the course of a few years the whole country exhibited a different appearance. During the French domination in Italy, the corn trade was unrestricted.‡

* The first part of Filangieri's excellent work was published in 1780; and he affirms that grain *then* sold in Italy for only the half, or the third of its price in England. Tom. i. p. 293, Filadelfia (Leghorn) 1807.

† *De la Richesse Commerciale*, tom. ii. p. 129.

‡ I regret much that the nearly total want of Italian works in this place, and the difficulty and expence of procuring them, has prevented me from obtaining any late accurate information respecting the state of agriculture, manufactures, &c. in that country. Mr Young is almost the only English

Austria.—The late comprehensive and excellent work of Marcel de Serres,* furnishes satisfactory and authentic evidence of the rapid improvement of agriculture and manufactures throughout every part of the Austrian dominions. Our limits will only permit us to notice a very few of the most interesting of its varied details.

In Austria Proper, manufactures have improved more rapidly than agriculture. Cotton factories have been built in various parts of the country. One at Pottendorff, erected in 1802, is minutely described by Serres, and is on a very large scale. Many others are mentioned, whose machinery is said to be excellent. They are generally managed by Englishmen, and afford a convincing proof of the folly of trusting to the comparative ingenuity of artificers, to preserve to any country its superiority in manufacturing, against all other disadvantages.

The linen manufacture is in a more flourishing state in Bohemia, than in any other part of the Austrian empire, or perhaps of Europe. Count Hatzfield, Minister of Maria Theresa, and Joseph II. contributed greatly to its improvement,

traveller who has paid any attention to these subjects; the rest have generally been contented with describing churches, antiquities, &c. which had been a hundred times described before.

* Voyage en Autriche, ou Essai Statistique, &c. sur cet Empire. 4 tomes, 8vo. Paris 1814.

by bringing skilful workmen from Silesia, Saxony, &c. who instructed the Bohemians, and accelerated their progress to the state of perfection they have now attained. The following statement of the pieces of linen cloth manufactured and sold at Trattenau, from 1805 to 1809 inclusive, shews at once the astonishing extension both of the supply and demand for this article:

Years.	Exported to Silesia.	Exported to other countries.	Sold in Bohemia.	Total.
1805	11,145	5,800	2,626	19,571
1806	16,837	6,660	146	23,643
1807	15,525	8,463	3,350	27,338
1808	10,448	12,024	4,978	24,448
1809	400	31,865	1,256	44,421 *

The Bohemian woollen manufacture is of considerable importance, and is in a state of rapid improvement. In 1809, about 50,000 persons were employed in the spinning of wool, and the exported cloth was equivalent to a considerable sum.

The cotton manufacture has lately been introduced, and is now firmly established in this country. In 1808, *seven* large factories were erected at Prague on Arkwright's principle; and this city employed 5,830 looms, and 8,764 weavers in that branch of industry.

Serres estimates the total number of weavers in Bohemia in 1810 at 223,000; † and as about

* Tom. iii. p. 83. † Tom. iii. p. 74.

322,000 individuals * were then employed in spinning flax, † above 400,000 must have been employed as spinners in all the different manufactures.

Bohemian agriculture sustained a check by the restrictions imposed on the importation of its corn into Prussia and Saxony; but, owing to the extension of the home demand, and to the inefficacy of the prohibitions themselves, this check was only temporary. ‡

Education, and the culture of the mind, have not been neglected in Bohemia. In 1810, there were in that kingdom 2,544 primary schools, 54 secondary schools, 29 principal schools, and one Normal school established at Prague.

Agriculture has been exceedingly improved in Moravia; and Serres assures us, that in *this* century it produces at least one-fifth part more than in the last. In manufactures of every kind, improvement has not been less marked. There is not a single town in which the number of artizans has not greatly increased; and the weavers have at least *quintupled* throughout the province in the course of these few years. The nobility en-

* Tom. i. p. 347.

† Only 249,540 were so employed in 1782. Hoeck Aperçu Statistique d'Allemagne.

‡ In 1771, Bohemia contained 2,451,848 inhabitants, (Hoeck). In 1810, it contained 3,142,297.

courage and patronise manufactures, and have founded schools where young people are instructed in different trades. The most improved machinery is every where to be met with, and the exportation of every species of woollen cloth has vastly increased. Nine cotton factories had been erected in Moravia in 1810. One at Lettowitz employed above 2000 individuals, and several of the others were not inferior. Hungary, Lower Austria, Italy, and the Levant, are the principal markets for the manufactures of this flourishing district.

The vassalage, or rather slavery, existing in Hungary, and the privileges of the higher classes, oppose powerful obstacles to the advancement of industry. The example of the neighbouring provinces, and the *late* encouragement of the government, have, however, had some effect in opening the eyes of the Hungarian nobles to their real interests. Mr Townson estimated the ordinary price of wheat in Hungary, in 1793, at *less* than 16s. per quarter.* In one good year the inhabitants often reaped as much as was necessary for the consumption of two, but the want of a market effectually prevented any improvement in their agriculture. It is pleasing to have to add, that the ruinous restrictions on the export

* Travels in Hungary, p. 142.

of Hungarian wines and other produce, were finally abolished in the diet held at Presburg in 1801. *

Since Austria acquired possession of Gallicia, the state of the peasants, and consequently of agriculture, have been singularly ameliorated. † The regulations of Joseph II. in favour of the oppressed peasantry,—his institutions for promoting education,—and the example of the numerous German colonists settled in different parts of the country by his truly great munificence, have all had the happiest effects.

According to Serres, the present population of the Austrian empire, including the Venetian territories, but exclusive of the Milanese, will amount to about 27 millions. ‡

The immense issues of paper during the war, expelled almost all the coin from Austria, and caused a proportional fall in the exchange. § Great and meritorious exertions have, however, been lately made to withdraw this paper from circulation; and they have had the effect of improving the exchange, of reducing the *paper* price of commodities, and of determining a current of specie into the country

Serres does not mention any rise of prices in

* Bibliotheque de Voyages, tom. ii. p. 285.
† Malte Brun. Tableau de la Pologne, p. 352.
‡ Serres, tom. i. p. 25. § Id. tom. i. p. 287.

Austria, though it is certain that the nominal price of all commodities, bought with the depreciated paper money, was proportionally raised. But the circumstance of this empire exporting an immense quantity of corn to Saxony and Silesia, countries in its immediate neighbourhood;* and to remote countries by the distant ports of Dantzic, Trieste, and Odessa, renders it certain that *bullion* prices there, are yet far *below* the level of the greater part of the continent.

Prussia.—The rendering Prussia as much as possible independent of foreign countries, for various species of manufactures, was a leading object in the domestic policy of Frederick the Great. In order to accomplish this, he loaded many foreign commodities with heavy duties, and established monopolies in several branches of commerce. But the rigid and admirable economy of that Prince, lessened the ill effects of these impolitic regulations; and although trade has not hitherto made a very rapid progress in Brandenburg and some other parts of Prussia, the country has been considerably improved, and the population augmented.

The linen manufacture of Silesia, long famous throughout the world, has been prodigiously extended since Prussia obtained possession of that

* Riesbeck Voyage en Allemagne, tom. ii. p. 131.

province. The value of the linen exported from Silesia in 1740, did not exceed three millions of rixdollars.* In 1796, 26,456 looms, and 40,603 workmen, were employed in this branch of industry, whose manufactured produce was valued at 8,852,678 rixdollars, the exports amounting to 6,748,029.† The neutrality enjoyed by Prussia during a great part of the late war, was extremely favourable to this manufacture; and in 1805, previous to the unfortunate campaigns with the French, the value of the exported linen had increased to between 16 and 20 millions of rixdollars.‡

At Grunberg, and other towns in Silesia, the broad cloth manufacture is carried on to a considerable extent. The finest kind of cloth is said to look equally well with that of England, and to be about *fifty per cent.* cheaper. ||

Although Silesia is an inland province, it is well situated for commerce. The Oder running through it in a longitudinal direction, affords a cheap conveyance for its produce to the Baltic; and the canal joining the Oder and the Elbe, brings its manufactures to Hamburgh, from whence they are exported to the Mediterranean,

* Oddy's European Commerce, p. 217.
† Hoeck Aperçu Statistique d'Allemagne.
‡ European Commerce, p. 217.
|| Adams' Letters on Silesia, p. 18.

to North and South America, and the other quarters of the globe. The low wages of labour, the great industry of the inhabitants, and the cheapness of provisions in Silesia, will insure the prosperity of its manufactures in a season of general tranquillity. *

In 1791, the inhabitants of Silesia amounted to 1,747,065, † and in 1805 to 2,065,435; ‡ a rate of increase, Mr Adams observed, as extraordinary for its rapidity in Europe, as it would be for its slowness in America.

In the department of Posen, and in the whole of that part of Prussian Poland contiguous to Silesia, manufactures have been successfully introduced; and the condition of the peasantry has been greatly improved since the partition. ‖ The greater part of the corn exported from Prussia, as well as from the whole of the immense country traversed by the Vistula, is shipped at Dantzic. We shall mention its price at different epochs, after inquiring into the progress of industry, and the value of money in Russia.

In 1805, the entire population of the various provinces comprised in the Prussian monarchy

* An interesting account of the Silesian system of education, may be found in Mr Adams' work, or in the Edinburgh Review, No. 9.

† Hoeck.

‡ Annales des Voyages, tom. i. p. 254.

‖ Tableau de la Pologne, pp. 115, 352.

amounted, according to Krug, to 9,640,000.* Since that period, Prussia has ceded part of her Polish acquisitions to Russia; but this loss has been compensated by her obtaining possession of extensive districts in Saxony.

Russia.—The progress of civilization in Russia, though considerable, has not been so rapid as might have been expected. A miserable state of vassalage still exists in almost every province of that vast empire. The peasants are not even *adscripti glebæ*, but are as much at the disposal of their master as implements of husbandry, or as herds of cattle. The fortune of a Russian nobleman is estimated chiefly by the number of his boors.† A portion of land is allotted to each family, and they are obliged to pay a certain sum to their master as rent or tax. If they cultivate and improve the land, their rent is immediately raised, or what more commonly happens, a portion of their farm is assigned to another family. The boors are not, therefore, interested in the improvement of the soil; and, as any capital they acquire by their industry, may be seized by their masters, if they happen to make any

* Annales des Voyages, tom. i. p. 217.

† Clarke's Travels, 8vo. edit. vol. i. p. 217; Malthus' Essay on Population, vol. i. p. 368.

money, they trust it to earth, and conceal the precious deposit with the utmost care. *

Athough these facts ought to make us receive with extreme caution, the exaggerated and inflated accounts of the improvement and increased population of the Russian Empire, published by foreigners more with a view to ingratiate themselves with the government, than from a regard to truth; still, it must be allowed, that a decided improvement has taken place, and that liberal ideas are gaining ground.

The late Empress gave great encouragement to Germans to settle in her territories, and several thousands emigrated thither. This measure has been attended with the best effects. An example of improved cultivation being set before the nobles and their vassals, many of both orders became sensible to its advantages; and, as old prejudices decay, its influence will be more widely felt.

No circumstance shews better the change of opinions amongst the Russian nobles, than the late emancipation of the boors in Esthonia and Livonia; a measure said to have been taken by Alexander, at the request of the nobles themselves.

Boetticher estimates the population of Old Russia, in 1790, at 25 millions; and adding 7 mil-

* Coxe's Travels, vol. iii. pp. 154, 157.

lions as the population of the annexed Polish territories, Taurida, Finland, &c.; and 3 millions as the probable increase of the former population since 1790, the total of the present inhabitants of the Russian empire will be about 35 millions. Mr Coxe's estimate is not very different. (33,863,360.)*

In a country like Russia, but lately emerged from perfect barbarism, and now possessed of a considerable trade, it would certainly be very extraordinary if the price of exchangeable produce had not risen. Bullion must always, in trafficking with poor nations, be one of the most advantageous articles of export. The low wages of labour, and the cheapness of commodities, renders specie there doubly valuable; for the value of produce being low, that of money is high, and *vice versa.* This circumstance has so long kept up a demand for specie in the India trade. The wages of labour were there so small, and the manufactures necessary for the inhabitants prepared at so little expence, that the nations of Europe could scarcely export any produce, whose money price was not too high for the market; they, therefore, exported their *cheap* bullion, and have in that way carried on a commerce equally

* Messrs Tooke and Hermann reckon the population of the Russian Empire at above 40 millions; the gross exaggeration of their estimates, has, however, been repeatedly pointed out.

for the advantage of all parties. The same is the case with Russia, except that the inferior skill of its inhabitants, and the want of proper machinery, render them dependant for a supply of many necessary articles, on their more ingenious and wealthy neighbours. Still, however, much of her exports are paid with bullion; it is the most desirable commodity her merchants can import, as the demand for it is steady and permanent.

In Mr Oddy's table of the exports and imports of Russia by the Baltic, for the year 1802,* we find an importation of gold and silver to the amount of upwards of *four* millions of roubles, which, valuing the rouble at 3s.† is above L.600,000 sterling; and, in the same year, the importation of these metals by the Black Sea, is estimated at 183,989 roubles. As a considerable quantity of specie must have entered the empire by other channels, and by the imports of individuals that do not appear in the custom-house books, we cannot value its annual influx into Russia, (exclusive of the produce of the mines)

* European Commerce, p. 111.

† Previous to 1778, the rouble was worth 4s. sterling. Its value has since been lowered; and, according to *mint* assays, the rouble is now only worth 3s. 2d. This circumtances must always be attended to in estimating the rise of prices in Russia. See Advertisement to 5th edit. of Coxe's Tarvels.

at a less sum than *One* million sterling; or at nearly one-*ninth* part of the produce of the American mines, when at its maximum.

This influx of bullion has undoubtedly stimulated the industry of the Russians. They are daily becoming more accustomed to an intercourse with foreigners, more sensible of the importance of commerce, and a greater production of commodities is taking place. In Siberia itself, civilization has made some progress; Latin, French, Geography, &c. are taught at Tobolsk; and Kotzebue was present at the representation of a play in that city.

After all, the price of corn in Russia, (and every thing now stated applies with almost equal effect to Poland) is very considerably below its price in more civilized states. "At Archangel," says Mr Oddy, "the average price of wheat has been for the last *fifteen* years, only about 26s. the quarter; some years it has been about 20s. per quarter, but then its quality is very inferior. In other parts of Russia, it has been MUCH THE SAME IN PRICE, but of better quality, although these supplies were rather higher by way of the Baltic ports. At Dantzic, the Poles reckon that they cannot bring down their wheat to pay them, unless they obtain about 32s. 6d. per quarter, and 19s. per quarter for rye; and the quality of the wheat is such, that the better sorts sell nearly as

high in our markets, as our own better sorts." * Mr Oddy's work was published in 1805; and Mr Malthus, in a pamphlet published in 1814, † informs us, that the price of wheat at Dantzic had *not* increased in the interval, and that it might still be had on the terms mentioned by Mr Oddy.

In a pamphlet printed at Warsaw in 1807, it is stated, that the price of wheat in Poland has doubled every 50 years of the last 150, and that a korzec of oats, which only cost $2\frac{1}{4}$ florins previous to 1700, cost 12 florins in 1800.‡ But in this statement, no allowance is made for the successive and multiplied degradations of the coin; and as it is certain that in 1650, a florin contained *four* times as much silver, or was intrinsically worth four times as much as a florin of the present day; § it is clear the oats which cost 12 florins in 1800, would have sold for at least *nine* florins of equal weight and fineness in 1650.

The excess of circulating paper in Russia, and the absurd principles on which its whole banking system is conducted, have at particular periods rendered its nominal exchanges very un-

* European Commerce, p. 516.

† Observations on the Effects, &c. p. 17.

‡ Annales des Voyages, tom. i. p. 416.

§ Tableau de la Pologne, p. 99.

favourable, and have produced a great *agio* or premium in favour of gold: Hence, in calculating the price of Russian produce, this *agio* must always be taken into account, the price being so much more or less according as the payment is made in depreciated paper, or in specie.

Mr Young estimates the rise on Russian wheat from 1794 to 1805, compared with the period from 1781 to 1793, at 37 per cent.; but Russian paper money in 1795 and 1796 was depreciated 49 per cent., and in 1799 no less than 58 per cent.;* and as Mr Young does not seem to have been at all aware of this fact, and does not make any allowance for it, his estimate is evidently without any weight, though probably true to a certain extent. In 1800 and 1805, the crop in the Crimea was so very abundant, that half the produce was given to those who gathered in the other half:† The rise, therefore, of 83 per cent. mentioned by Mr Young as having taken place in the price of wheat there, between 1813 and 1815, must doubtless be ascribed to a failure in the crops; an event, owing to the sudden changes of the weather, of very frequent recurrence in that peninsula.

The Empress Catharine's conquests from Tur-

* European Commerce, pp. 173, 198.

† Thomson's Annals of Philosophy, vol. iii. p. 271.

key, though attended with unheard of devastations and cruelties, by securing the unmolested navigation of the Don, Dnieper, Dniester, and other rivers, and a free passage from the Black Sea to the Mediterranean, have been of infinite advantage to the southern provinces of the Russian empire. Nicholaef, and Odessa, have arisen with nearly the same rapidity as Petersburgh. In the latter, so late as 1795, only a very few houses were built; but in 1804, it contained nearly 3000 houses, and about 15,000 inhabitants.* The principal exports consist of corn, salt-beef, timber, &c. The important improvements lately made in the navigation of the Dniester, have induced the Poles to send a considerable portion of their produce down that river, whence it is conveyed by lighters to Odessa, and

* European Commerce, p. 169.—"Odessa continues yearly to flourish, and that port will become as important for the commerce of the southern provinces of the empire as Petersburgh is for the northern. In this year (1816) up to the 28th of June, 498 ships had entered Odessa, bringing merchandise to the value of 1½ millions of roubles, besides a very *large quantity of specie*. During the same period there sailed 246 ships laden with Russian produce to the amount of 15,220,000 roubles, including above 450,000 tschetverts (324,000 quarters) of wheat. Odessa at present contains 35,500 inhabitants, and seven churches."—Literary Panorama, vol. iv. No. 6. Some interesting details respecting the trade of the Black Sea in general, and of Odessa in particular, may be found in an "Essai sur le Commerce, &c. de la Mer noire." Paris, 1805.

then shipped for the various markets in the Levant and the south of Europe.

The increasing price of produce in Russia does not indicate a fall in the value of money in other countries. It is in the natural course of things that money should constantly tend to a level, or commodities to an equality of price amongst nations trading together. If a perfect freedom of commerce were established, this equalization would be more speedily brought about; all nations would then have it in their power to purchase in the cheapest market, and the extended demand would continue till prices there rose to the same height as in other places. The prohibitive system has but little *ultimate* effect on this principle. No person believes that if Britain can continue to supply Europe with cottons of equal quality cheaper than France, America, or any other country, she will cease to preserve her superiority in the market. The case is exactly the same with the corn, the flax, and the tallow of Russia: While other states can purchase these commodities cheaper from her than they can raise them at home, they will, generally speaking, be her customers; and the demand for these products will only cease, when their price equals the cost of home production, or when a cheaper market is discovered.

If no fresh supplies of specie were annually

dug from the mines, it is certain that the price of commodities would fall in the early civilized states of Europe, because of the demand for bullion in the many countries rapidly emerging from barbarism; and this is the *main circumstance* preventing the new supplies from sinking the value of the whole. When Dr Smith shewed that the value of money had not fallen in Europe in the interval between 1640 and 1775, he only referred for a proof of this fact to Britain and France. He did not allude to the state of prices in Poland or the Crimea: He knew it was an invariable law, that the prices in such countries should tend to equalization with those in a more advanced state; and he justly considered, that the fact of there having been no depreciation of money in the highly civilized states, was alone decisive of the question.

From this short inquiry into the progress of industry, and the state of prices since 1775, many important conclusions may be drawn.—The facts established respecting the rapid improvement of manufactures in the United States, and in almost every district of the continent, while they alone can account for the diminished demand for our products, exhibit the absolute necessity of greatly reducing the burdens affecting the in-

dustrious classes in this country, if we would prevent the total exclusion of their manufactures from the foreign markets. In regard to the rise of prices, or depreciation of money, it appears :

That a greatly increased production of commodities has taken place throughout the civilized world; and that consequently, a greater quantity of currency must now be necessary to circulate this increased produce at its former value, than was required at any previous period. And that although the produce of the mines has been much augmented since 1772, and although paper has been made to perform the functions of coin to a considerable extent, still it is certain that the value of money has not fallen, or the money price of wheat increased since that epoch: For,

1st, In France, the most civilized and improved of the continental states, there has been no rise in the price of corn, nor any fall in the value of money, since 1760: and in ordinary years, a quarter of wheat may be purchased in that kingdom for 40s., or less.

2d, The rise of price in Italy, is an effect of the free corn trade which now permits the produce of that country to seek a *better* market, or to attain the general level of European prices,—And,

3d, The trifling rise of prices in Russia and

Poland, is a necessary result of the improvement of these countries, and of the commercial intercourse between them and the richer nations of Europe; and does not indicate the least fall in the value of money.

If these conclusions are well founded, they afford incontrovertible evidence to shew that the rise of prices in Britain, during the last twenty years, has been altogether local; and that consequently it has been caused, not by any *general fall* in the value of money, but by the nature of *our domestic* policy. To be convinced of this fact, we have only to recollect, that the expence of importing a quarter of wheat from France or the Netherlands, inclusive of freight, insurance, importers' profits, &c. is not more than 5s., and, therefore, *if our currency was not depreciated, and if a free trade in corn was allowed,* the home price of our wheat could not, in *ordinary* years, exceed 45s. or 47s. a quarter, the average price of the period from 1770 to 1794.

We shall inquire into the principles, and effects of the corn laws, in the following Section.

SECTION FOURTH.

Price of Corn in this Country fictitiously kept up by the Corn Laws—Such advancement of Price prejudicial to the Manufacturers, without being advantageous to the Agriculturists—Famine and scarcity, generally caused by Restrictions on the Corn Trade.

THE important facts established in the preceding Section, conclusively shew the fallacy of the reasoning by which several otherwise well informed writers,* who admit the depreciation of our paper currency, contend for a fall in the value of gold and silver since 1760, by referring to the rise in the *bullion* price of corn in *this country* subsequent to that era. But as soon as our consumption of grain began to *exceed* the supply, an advance in the home price was unavoidable, in order to cause an importation from foreign countries, to which we had previously been in the habit of *exporting*. The restrictions on importing foreign grain imposed in the reigns of Charles II. William III. and Anne, could not, while the supply was more than equal to the demand, cause any rise on the home prices. The

* *Edinburgh Review*, No. 51, p. 140; Mr Buchanan's supplementary volume to the *Wealth of Nations*, p. 83, &c.

case, however, was very different when the supply became deficient, and the bad seasons, of which Dr Smith speaks as previous to 1775, combined with the extraordinary increase of population after the peace of Paris in 1763,* raising the home price to an unusual height, rendered frequent suspensions of the restrictions necesssary. In 1773, in order to put an end to these temporary expedients, a total change was effected in the previous system of corn legislation, and a new law was enacted, allowing the importation of foreign wheat free of duty, whenever the home price reached 48s. a quarter. The object of this act, (which ought not to have been altered, unless to render the trade perfectly free,) was to give a stimulus to British agriculture, by keeping foreign grain out

* The following Table of the population of Great Britain, in every tenth year of the last and present century, is extracted from Parliamentary papers, and understood to be pretty correct.

Years.	England and Wales.	Scotland.	Total.
1700	5,475,000	1,048,000	6,523,000
1710	5,240,000	1,270,000	6,510,000
1720	5,565,000	1,390,000	6,955,000
1730	5,796,000	1,309,000	7,105,000
1740	6,064,000	1,222,000	7,286,000
1750	6,467,000	1,403,000	7,870,000
1760	6,736,000	1,363,000	8,099,000
1770	7,428,000	1,434,000	8,862,000
1780	7,953,000	1,458,000	9,411,000
1790	8,675,000	1,567,000	10,242,000
1801	9,163,000	1,649,000	10,817,000
1811	10,488,000	1,865,000	12,353,000

of the market till the price was somewhat higher than in the rest of Europe, and, at the same time, not to lay the manufacturers or trading part of the community under great comparative disadvantages. Subsequently to the American war, the discoveries of Arkwright bringing the cotton manufacture to a state of great perfection, an increased demand was experienced for labourers, higher wages were given, and the population of the country increasing faster than its agricultural produce, notwithstanding of an astonishing improvement in every species of rural economy, the imports, though *not the price* of corn,* became considerably greater. In 1791, the same sophistical arguments were used, to prove the necesity of further restricting the trade in corn that have since been so very efficaciously brought forward, and an act was passed, preventing the import of foreign wheat till the home price reached 52s. 6d.

In 1797, the Bank being restricted from paying in specie, the high prices of 1800 and 1801 were partly owing to the increased issues of paper. The profits then made by landlords and

* It deserves particular attention, as we have already noticed, that from 1770 to 1794 there was *no rise whatever* in the price of corn; and though occasionally higher, the average price of that period was from 3s. to 4s. a quarter below the price at which the duty, on importing, ceased by the act 1773.

farmers, (at the expence of the other classes,) notwithstanding of the deficient crops, were immense; and thinking to secure their continuance, in 1804, when the price of wheat was above 50s. a quarter, they procured to themselves a monopoly of the home market till the price should rise to 66s.; or until grain in Britain should be *double* its price in Poland, and a *half* more than its price in France.

While such laws regulate our corn trade, it is obvious we can form no certain conclusion as to the *general* value of gold and silver from the state of our home prices. We might just as well deduce inferences respecting the mildness and salubrity of our climate, from observations made on a Thermometer kept in a hot-house.

To prohibit importing the necessaries of life into any country where the supply is short of the demand, till prices have risen to a certain height, has a direct tendency to raise them still higher. British merchants would not at present order foreign grain, if the home price was steady at about 80s. It could not, in fact, be imported to any extent, unless the price was considerably higher, because it is certain, that the dreaded effect of a large importation would of itself suffice to sink the market price, and would consequently put a stop to the influx. In 1805, the crop was very considerably deficient, and the ave-

rage price of that year was about 22s. above the price at which importation was allowed by the act of 1804. The depreciation of paper compared with bullion, being at that time about 4 per cent. the high price of that year must have been owing to the operation of the new corn law preventing any import of foreign grain till the home price was high, and then cramping mercantile operations; and to the war rendering the cost of importation unusually great. In 1806, 1807, and 1808, the depreciation of paper compared with bullion continued at nearly 4 per cent. and the price of wheat in these years being generally from 66s. to 75s. a small importation only took place. From autumn 1808 to spring 1814, the depreciation of our currency was rapid beyond all former example, and several crops in that interval being likewise deficient, the money price of corn, influenced by both causes, rose to a surprising height. The following is a statement of the money or *paper* price, and the *bullion* price of corn, from 1809 to 1814 inclusive.

Paper Price per Quarter.		Bullion Price per Quarter.	
1809	95s. 7d.	1809	81s.
1810	106s.	1810	88s. 6d.
1811	94s.	1811	74s.
1812	115s.	1812	90s.
1813	111s.	1813	74s.
1814	74s.	1814	56s. 6d.*

* *Edinburgh Review*, No. 51. p. 144.

The crops of 1809 and 1810 were much below an average, and the *bullion* price of these years is a good deal higher than the importation price of 1804. This excess is to be ascribed partly to that law, and partly to the extraordinary difficulties then thrown in the way of importing grain. At that time no vessel could be loaded in any European state for England without purchasing a licence, and the freight and insurance were at least *four* times as high as during peace. The same causes operated in 1812; but in the autumn of 1813, the destruction of Bonaparte's anticommercial system having increased the facilities of importation, a large quantity of corn was poured into the kingdom, and in 1814 its *bullion price* was reduced below the point at which importation was allowed.

The particular circumstances of Europe at the time, throwing the commerce of the world into the hands of our merchants and manufacturers, prevented the ill effects resulting from a high price of corn, and a high price of labour, from being immediately felt as they would otherwise have been. As soon, however, as the unnatural state of things passed away—when peace had restored a free intercourse among nations—when the cotton of Carolina was imported direct to France—and when the vessels of every state could perform voyages without any interruption,

then the real nature of our domestic policy became obvious. When our manufacturers flattered themselves they would have the entire of Europe and America for their customers, they found, that without a diminution of the cost of manufacturing, they would not be able to sell any thing abroad with sufficient profit, and that, eventually, they would be excluded from every foreign market.

We must particularly observe, that supposing the home supply of corn in this country to have been *fully adequate* for the demand at the time the last corn law was enacted, still its necessary effect must have been to keep prices higher here than in any neighbouring nation. Previous to 1815, the high price of corn had continued so long, that the price of labour, and almost every species of manufactured produce, not to mention taxation, had attained a corresponding level. Time had been given to *complete the effects* of a rise in the price of corn, and landlords and farmers were beginning to be satisfied, that their situation was fully as comfortable when they only got 50s. for a quarter of wheat, as it had since been when they got 100s. per quarter. But if we suppose that when things were thus situated, and the home supply commensurate with the demand, an introduction of foreign grain, or a peculiarly abundant crop, had taken place, it is cer-

tain the fall of prices consequent on *either* event would have thrown poor land out of cultivation, and would have involved the whole body of agriculturists in much distress. But when a prohibition against the import of foreign grain exists, the effect of a luxuriant crop in reducing the price of corn, by its lessening the quantity sown next spring, is rendered of extremely short duration; and it has been well observed, that in a country placed under the restrictive system, a very great abundance in one season is generally a forerunner of famine in the next. The reason of this is obvious. Although the price of labour, and of every kind of produce, is ultimately dependent on the price of the necessaries of life, they are not *immediately* regulated by them. A considerable time is required when grain is rising in price before other products come to an equality, and the same thing happens when it is falling. The wages of labour, the price of manufactures, &c. are not reduced with the same rapidity as the price of corn. The equilibrium, though ultimately perfect, is not instantaneously obtained; and during the interval, the agriculturists are always exposed to much hardship. It is, therefore, entirely erroneous to imagine, that a corn law has no effect in keeping up prices but where the supply is short of the demand; it has such an

effect wherever it prevents a fictitious system from being *disturbed*, wherever it prevents agricultural products from finding their general level, in short, wherever it prevents the consumers purchasing in the cheapest market. *

When the fall of prices took place in 1814, the proper and *only* effectual mode of really relieving the landed interest, was to have proportionally reduced those burdens which had been imposed on them, not only according to the increase of the real price of corn, but also according to the increase of its *nominal* price caused by the depreciation of paper. Had the new taxes, directly and indirectly affecting the landlords and farmers, been co-existent with the high prices, a fall in the price of corn could only have occasioned them very temporary difficulties. The rents of the latter must soon have been equalised with the reduced prices, wages could not long have continued high; and in a short time their situation would have been nearly the same as be-

* If Mr Wilson had adverted to these circumstances in his late pamphlet, he would not certainly have contended, that although the burdens affecting the agriculturists are now nearly three times as great as in 1794, they could still afford to sell their produce as cheap as in that year. No reduction of rents could effect this object. Taxes of every kind must also be reduced to their former amount, otherwise much poor land presently cultivated would not pay the expence of labour.

fore. This relief was of that kind, which could not depress, but benefit, the other industrious classes of society: it merely required the government of the country to economise, to reduce the interest of the national debt, to make their expenditure quadrate with their diminished income, and to shew an energy in taking off taxes as prices fell, *corresponding to that which they had exhibited in imposing them when they rose.* However, nothing of this kind was attempted; no retrenchments of any sort were made;* but, in 1815, in order to support the agriculturists, and regardless of the sufferings of the manufacturers, a new corn law was enacted, preventing the use of foreign corn till the home price reaches 80s. a quarter: which, if the currency is not again depreciated, and if the enactment shall have its full effect, will keep the real price of corn nearly as high as in the five dear years ending 1813.

The supporters of this part of our fictitious system argue, that the price of labour has no connection with the price of food, and that the former being regulated solely by the state of the supply and demand, the enhancing the price of corn in the home market does not necessarily

* Any retrenchments made since the peace, were effected in the *last* session of Parliament.

cause any increase in the wages of labour, and consequently is not injurious to our foreign trade. In a manufacturing country, *for short intervals, and to a limited extent*, this statement is consistent with fact. A stagnation may take place in trade at the very time that corn is rising, and the labouring class may at once experience an increase in the price of provisions and a fall of wages. If, however, this rise in the price of corn is of a permanent nature, and if manufacturers cannot allow a corresponding rise in the price of labour, the *principle of population* will begin to operate, and by lessening the supply of workmen, will ultimately reduce the price of corn, and raise wages to their proper level.

It may perhaps be objected, that this is too rigorous a view of the matter, and that in countries where labour has been well rewarded, and where not more than one-third or two-fifths of the wages of workmen has been directly expended in the purchase of corn, an increase in the price of bread and meal would rather serve as an inducement to retrench from what was not essentially necessary, than to lessen the supply of hands. It would, however, be most detestable policy, waving the question of practicability, to attempt to reduce the labouring classes to a scanty supply of the mere necessaries of life. The experience of all ages has shewn, that a needy

starving populace, lose a just sense of their dignity and rights as men, and become depraved and enslaved. It is in vain to expect industry where it does not meet with a suitable reward; men will not submit to privations and labour, but in the hope of securing corresponding comforts.

It may also be observed, that a fictitious increase in the price of corn directly raises the price of butchers meat, cheese, butter, and other agricultural products. When more money can be made by grazing than cropping, land is immediately taken from the latter species of industry to be employed in the former, and an equilibrium of profit is attained. On the same principle, when the price of corn is raised by violent means, pasture land is ploughed up, and the price of cattle is soon made to correspond with that of corn.*

It is a common and hackneyed complaint, which the interested views of master manufacturers, and fanatical declamation, have contributed to make too much believed, that when the wages of workmen are high, they spend a great part of their earnings in riot and debauchery,

* The remarks of Mr Malthus on that part of the evidence taken before Parliament in 1814, in which several of the witnesses, notoriously biassed in favour of the corn laws, endeavoured to support the doctrine, that there was no connection between the price of provisions and the rate of wages, are at once liberal, judicious, and conclusive.—*Essay on Rent*, p. 48.

alike hurtful to themselves and to the morals of the state. It is, indeed, true, that in every society, some of its members are always careless of the future, and attentive only to present enjoyment: But are we to judge of the great body of the people from such instances? Were not the desire of accumulating profits superior to every other in the lower classes generally considered, they would not be found to become more rich, and to augment their little capitals in every country where the real wages of labour are increasing. In the United States, where labour is extremely well rewarded, the lower classes are universally industrious: in this country, after the American war, the unusual demand for labourers infused a fresh spirit of exertion into the lower classes; and in France, every well-informed traveller informs us, that the rise on the real price of labour, which has taken place since the Revolution, has had precisely the same happy effects.*

According to Mr Young, to whose meritorious exertions we are indebted for much valuable and accurate information respecting political and rural economy, the mean price of agricultural labour in 1767, 1768, and 1770, was about 7s. 6d. per week, or 1s. 3d. per day. Mr Young further

* For a confirmation of what is here stated, see Wealth of Nations, vol. i. pp. 119. 124. &c. and Say, tom. ii. p. 91.

states the mean price of labour in 1810 and 1811 at 14s. 6d. per week, or 2s. 5d. per day, being a rise of nearly cent. per cent. on the former period. But he estimates the average rise on bread, meat, butter, and cheese, during the same interval at 135 per cent.; and consequently wages were really higher in 1770 than in 1810 by the difference, or 35 per cent. Since 1813, the price of corn has fallen, but it is still *double* its price in 1770, and the average price of labour being now *less* than its then price, the situation of the *independent poor* is evidently altered very much indeed to the worse.

It may perhaps be thought, that this fact contradicts the arguments by which we have endeavoured to prove the equality of prices and wages. But the increased price of commodities in this country, during the war, was prevented from having its full effect in raising wages, by the operation of the Poor Laws. Labourers were not deterred from marrying when they knew that a fund was by law set aside for their support, and when they were certain that if the wages of labour would not suffice to rear a family, the deficiency would be made up by the parish. The comparative cheapness of labour, therefore, has not redounded in the smallest degree to the *general* advantage of the employers of workmen; but as Mr Birkbeck has justly ob-

served, the expence of labour in England is so much the greater, as it always costs more to maintain a pauper than to preserve an industrious man from poverty.

The pressure of the poor rates has, indeed, become almost intolerable ; but heavy as the burden is, it must be borne while the fictitious system is persevered in. * If we will forcibly raise the price of the necessaries of life, we must expect to see the price of labour, and all other commodities, proportionally rise. We cannot permanently reconcile things altogether incompatible—a high price of provisions and a low price of labour. The order of nature opposes such an iniquitous design. If workmen are not able to live in this country as comfortably as in others, they will emigrate ; and by so doing, contribute to increase the ingenuity of foreigners, and the wages of such as remain. And this, as well as every other deviation from liberal policy, will assuredly provide its own severe corrective.

The supporters of the corn laws are excessively inconsistent : They tell us at one time, that they have no effect in raising wages ; and again they tell us, that to repeal them would reduce

* In 1776, the total expenditure on account of the poor amounted to £1,530,804 ; in 1803, to £ 5,348,205 ; and last year the expenditure was reckoned at about *eight* millions. This is a short, but pretty intelligible commentary on our fictitious system.

the price of labour, and be injurious to the lower classes. Both these assertions are alike false and unfounded. A fall in the wages of labour, arising from a fall in the necessaries of life, does not lessen the comforts of the lower classes; on the contrary, it is really advantageous to them; for by increasing the demand for their products, and consequently for labour, it contributes powerfully to raise the *real* wages of workmen; or it enables them to exchange their services against a greater quantity of commodities.

Assuming it, therefore, as proved, that every increase in the price of the subsistence of labourers, must in the *end* be accompanied with a corresponding increase in their wages, we at once perceive, that although the corn laws should not injure our foreign trade, they cannot permanently improve the condition of our agriculturists. We must distinguish between a rise of *nominal* and *real* rent. Two individuals living in separate countries, are in precisely the same situation, although the one should have L.1000 per annum, and the other only L.500, if the latter income will purchase as many commodities as the former. A *real rise* of rent, can alone invest the proprietor with an augmented power over the necessaries and luxuries of life: It results from an improved mode of cultivation, from a *saving* of labour, and from a greater effective demand

for agricultural produce caused by the general improvement of society. A forced rise in the price of corn being attended with a corresponding rise in the price of labour, must equally augment the price of almost every article the farmers purchase. Their situation, after a short interval, becomes the same ;* they receive more money with the one hand, but they are forced to pay away more with the other.

The corn laws, therefore, cannot be of any *really permanent* utility to our agriculturists ; and whatever ill effects they may have on our commerce, seem not to be compensated by any corresponding advantages.

The advocates for the corn laws indeed tell us, that the procuring a certain and adequate supply of food for our inhabitants, is an object of paramount importance to every other, and that this cannot be effected without the restrictive system. But it is one thing to make an assertion, and another thing to bring forward satisfactory proofs of its truth : In this case a very few words will suffice to shew, that the prohibi-

* This is not exactly true: The situation of the agriculturists is altered to the worse: the enhancement in the price of their produce lessening the demand, their real wealth is consequently diminished. This will be more fully explained afterwards.

tive system cannot have any such effect, and that its tendency is altogether opposite.

A general failure of the crops in an extensive kingdom, is a calamity that but seldom occurs. The weather that is unfavourable to vegetation in one species of soil, is frequently advantageous to it in another. If moist clayey lands suffer from a wet summer, the crops are rendered more luxuriant in dry rocky districts: The excess of produce in one province compensates for its deficiency in another, and except in anomalous cases, such as the present season, the total supply is nearly the same. If this be generally true of a single nation, it is *always* true in reference to the world at large. No one instance of universal scarcity blackens the history of mankind; but it is constantly found, that when the crops of one country fail, plenty reigns in some other quarter. A freedom of trade is alone wanted to guarantee a country like Britain, abounding in the varied products of industry, in merchandise suited to the wants of every society, from the possibility of a scarcity. The nations of the earth are not condemned to throw the dice to determine which of them shall submit to famine. There is always abundance of food in the world: To enjoy a constant plenty, we have only to lay aside our prohibitions and restrictions, and

to cease to counteract the benevolent wisdom of Providence.

The case of Holland strongly corroborates the truth of all we have now stated. In the days of her greatest prosperity, she was chiefly fed with imported corn, and the prices there were extremely moderate, and what is of infinite consequence, were more steady than in any other country of Europe.

There is no danger that a free corn trade once established, would be violently put an end to by foreign governments. When one nation has been for a series of years in the habit of importing corn from another, she has exported some more acceptable produce as an equivalent: The benefits are, therefore, reciprocal, and the foreigners will be equally with ourselves interested in a continuance of the traffic. "When we consider," says Mr Ricardo, "the value of even a few weeks consumption of corn in England, no interruption could be given to the export trade, if the continent supplied us with any considerable quantity of corn, without the most extensively ruinous commercial distress—distress which no sovereign, or combination of sovereigns, would be willing to inflict on their people: and, if willing, it would be a measure to which probably no people would submit. It was the endeavour of Bonaparte to prevent the exportation of the raw pro-

duce of Russia more than any other cause, which produced the astonishing efforts of the people of that country against the most powerful force, perhaps, ever assembled to subjugate a nation."*

It is no answer to this reasoning to say, that in 1812, with the price of corn at 126s. we could only import 100,000 quarters. An *unprecedented* combination of circumstances at that time increased the difficulties of importation. Nothing, however, can be more foolish than to imagine that such events will be of frequent recurrence, and to give up the advantages resulting from a low price of grain, and a free trade, to guard against visionary dangers.

The principal difficulties we at any time experience in the importing of corn, result in fact from the varying nature of our own laws respecting it. Perpetually fluctuating between bounties, restrictions, and prohibitions, no continental nation can calculate on our exporting their corn for two successive years. No *additional* quantities are raised to supply our markets, which would be the case if the corn trade was perfectly free; but whatever supplies we may procure, being withdrawn from the *ordinary stock*, speedily raises prices abroad, and perhaps induces the foreign governments to check exportation altogether.

* Essay on the Profits of Stock, p. 29.

Most foreign states have indeed fixed a statutory price at which exporting shall always cease. But this price is much higher than the average, and it is almost certain, that if our corn trade was unrestricted, the importations into this country would have very little effect in raising prices abroad, as a greater production would universally take place; and foreign powers becoming sensible of the advantages of a perfectly free trade, would soon repeal this limitation.

When a merely temporary liberty is granted to import, the operations and the enterprise of merchants are alike cramped. They cannot order corn from *distant* countries, lest the price should have fallen before it arrives, and the ports be shut. They are compelled to have recourse to countries in our immediate vicinity, their orders must be given on the spur of the moment; and all that consideration and combination, necessary to ensure the success of every complex transaction, are unavoidably excluded.

The most plausible defence of our corn laws rests on the ground, that since exclusive advantages are granted to different manufactures, agriculture ought, in strict justice, to be placed in the same favoured situation. There is not, however, any truth in political economy better established than this, that it cannot possibly be the interest of any state to manufacture at home,

what it might purchase cheaper abroad. If, therefore, any of our manufactures, as that of silk,* could not exist if a free trade were allowed, it would be for the general advantage that they were given up, and the capital vested in them employed in some other species of industry. The manufacturers of Gloucestershire, in their excellent resolutions against the late corn bill, expressed, in the strongest manner, their acquiescence in the doctrine of a free trade, and stated their perfect willingness to sacrifice any exclusive privileges they might enjoy to the attaining that desirable object. It is indeed beyond all question, that a free trade would be prodigiously for the advantage of those manufactures, part of which are presently exported. The fall that would then take place in the price of provisions and of labour, would much more than compensate any disadvantage the woollen manufacturers might experience from a rise in the raw material; and in the cotton manufacture, the advantages

* The silk manufacture has been the source of much loss to this country. In order to protect it against foreign competition, or rather in order to raise its price to the consumers, French and other foreign silks were burdened with heavy duties. The consequence has been, that since we would not take French silks, they would not take our cottons; and having built cotton mills for themselves, they are now disputing with us the possession of a branch of industry of real advantage. Such, and such only, are the fruits of the fictitious system.

would not be counterbalanced in the slightest degree.

In treating of exchange, we have shewn, that it is quite absurd to imagine any ill effects can result from sending abroad our specie as an article of commerce. It would be useless again to repeat that reasoning here; but it affords a conclusive answer to the arguments brought forward to shew, that the freedom of the corn trade would be injurious, by draining us of our cash.

It may perhaps be said, that if the corn trade was perfectly free, if an unbounded liberty was given to import foreign grain, the agriculture of no country could derive any particular benefit from the possession of a great manufacturing population. Admitting this to be the fact, it certainly affords no reason why one part of society should be compelled to pay a monopoly price for their food, in order to enhance the profits of the other part. Such a proceeding, independently of its impolicy, is manifestly unjust. But the observation respecting the effects of importation, is entirely unfounded. Land lets for a higher rent in the neighbourhood of every great city, than at a distance, from the single circumstance of its contiguity to market. On the very same principle, in a highly populous and importing country, the home price of corn must always be higher than in the countries from which supplies are

brought, by a sum equal to cover the expence of carriage, and to afford the ordinary profits of stock to the importer: and consequently the home grower is sure to receive a higher price for his crop than any foreigner, while his being on the spot, guards him against various losses to which the other is exposed. Estimating the annual consumption of the various kinds of grain in Great Britain at 24 millions of quarters, and averaging the expence of bringing a quarter of foreign grain of every description to *market* here at 5s., it is obvious that, on the principle of a free trade, the home growers would receive 5s. more than the foreigners for every quarter they sold; and supposing them to raise 20 millions of quarters for sale, they would realise not less than *four* millions sterling annually of fair profit, by the excess of the home price above that of surrounding states.

It is certainly true, that the abolition of the prohibitive system would be attended with a good deal of *temporary* distress and inconvenience. That, however, is no reason why it should not be abandoned. It might, with as much propriety, have been objected to the introduction of the steam engine, and of Sir Richard Arkwright's cotton mill, that the use of them would entirely supersede the old clumsy machinery. Private

interests must, in such cases, give way to the general good. But, in order to give time to withdraw capital from the cultivation of poor soils, and to invest it in more lucrative employments, a gradually diminishing scale of duties might easily be adopted. The price at which foreign grain should be admitted duty free, might be made to decrease from 80s. its present limit, by 4s. or 5s. a quarter annually, till it reached 50s. when the ports could safely be thrown open, and the restrictive system for ever abolished.

When this happy event shall have taken place, it will be no longer necessary to force nature—we will only second her efforts. The capital and enterprise of the country will be turned into those departments of industry, in which our physical situation, national character, or political institutions, fit us to excel. The corn of Poland, and the raw cotton of Carolina, will be exchanged for the muslins of Glasgow and the wares of Birmingham. The genuine commercial spirit, that which *permanently secures* the prosperity of nations, is altogether inconsistent with the dark and shallow policy of monopoly. The nations of the earth are like provinces of the same kingdom,—a free and unfettered intercourse, is alike productive of general and local advantage.

In the following Section we shall endeavour to explain the operation of the corn laws, and

of taxation on manufactures; but *first* it will be proper to obtain a correct view of the *real* importance of our foreign trade.

SECTION FIFTH.

Estimate of the Number of Individuals in Great Britain directly supported by Foreign Trade—Effects of a great relative Taxation on Manufacturing Industry—Difference of the State of Great Britain in 1783 *and* 1815*—And Confutation of the Reasoning of Dr Colquhoun and others, who attempt to prove that a large National Debt is not injurious to a State.*

It is not probable that so many laws would have been made tending to increase the price of provisions, or that so many writers would have been found to maintain that the wealth and power of Britain would not be impaired by the loss of her foreign commerce; if either the framers of these laws, or the propagators of this doctrine, had been sufficiently aware of its immense importance. However much the economists and their followers may exaggerate the comparative productiveness of agriculture over every other species of industry, it is a fact, of which there

can be no doubt, that the nett rent of all the land in Britain would not have supported the expence of a single campaign in the contest just terminated. It was the commercial and manufacturing enterprise of the nation that alone enabled the Government to carry on the war in the manner they did. Had there not been an immense surplus produce in the country, that could be applied to the service of the state, the subsidies to foreign powers, and the expence of maintaining armaments abroad, could not possibly have been paid. Our foreign trade made all the nations with whom we had any commercial transactions contribute effectually to our support: They salaried our workmen, they afforded profits to our merchants and capitalists, and enabled them to meet the constantly increasing and rapacious demands of the treasury. The foreign trade enhanced the value of agricultural produce, by supporting and enriching an increased quantity of consumers. It infused new energy and industry into the people, and counteracted, to a considerable extent, the pernicious and enslaving principles of the poor laws.

That this statement is in no degree exaggerated, may be shewn in a very few words. The *official* value of woollens exported from Great Britain in the years 1810, 1811, and 1812, was L. 5,773,244, L. 4,376,545, and L. 5,084,991 re-

spectively. * As this estimate is more than 50 per cent. below their real value, the exports in these years must have amounted to about *nine millions*; and deducting a third from this sum for the value of the raw material, we shall have *six millions* as interest on capital and wages of labour entirely paid for by foreigners. Now, supposing the manufacturers' profits and the interest of capital to be 18 per cent. † that will amount to L. 1,080,000, which, deducted from L. 6,000,000, leaves L. 4,920,000 as the gross amount of wages; and assuming each workman to earn L. 22, ‡ the total number employed in this way will be about 224,000.

The woollen manufacture, formerly the principal of those in England, and still, as we have just seen, a great source of national opulence, has been surpassed in value by that of cotton, of comparatively recent origin. After the peace of Paris, in 1763, public attention was first turned towards this branch of industry; and in 1767 the machines called spinning jennies were generally

* The exports of these years were reduced below their previous amount, by the interruption in the American trade.

† Mr Grellier only allows 10 per cent. as manufacturers profits and interest of capital, which is certainly too little; but Mr Stevenson's allowance of 20 per cent. appears, on the other hand, to be somewhat too high. I have been assured that 16 per cent. is near the average.

‡ Mr Stevenson supposes the average of the wages to be only £ 20.—*Edinburgh Encyclopædia*, vol. viii. p. 754.

introduced. * At this period, the value of all the cotton goods manufactured in the kingdom did not amount to more than L. 200,000, and not more than 50,000 spindles were employed. In 1769, the ingenious Sir Richard Arkwright, by a happy invention, contrived to turn thousands of spindles by a water wheel; and in that way saving a vast deal of labour and expence, vastly increased the consumption of cottons by reducing their price, and enabling a much greater number of individuals to purchase them. As soon as Sir Richard's patent expired, factories were established in various parts of the kingdom; and in 1787, the value of prepared cottons amounted to L. 7,500,000. † Since this last epoch the progress of the cotton manufacture has been equally rapid. In 1787, the number of spindles worked by machinery and the hand throughout Britain, amounted in all to about 1,700,000; in 1804, there were in Manchester itself, and its immediate vicinity, about 1,500,000 in full operation: and the value of cotton goods manufactured that year was greatly more than double their value in 1787. Dr Colquhoun estimates the entire value of the different cotton

* Jennies were invented by Richard Hargreaves, weaver in Lancashire, who, to the disgrace of his age and nation, was suffered to pass his days in obscurity and poverty.

† M'Pherson's *Annals of Commerce*, 1787.

goods manufactured in Great Britain in 1810, 1811, and 1812, at the enormous sum of 29 millions annually; * and the average annual exportation, including cotton yarn, &c. for the same time, was upwards of SIXTEEN MILLIONS. According to the same authority, the value of the raw material in the exported cottons does not amount to $3\frac{1}{2}$ millions: † but this is perhaps too low an estimate; and taking it at four millions, we shall then have 12 millions as the *nett* value of the exports. ‡ Now, supposing the rate of manufacturers profits and interest on capital to be 20 per cent., or two per cent. more than in the woollen manufacture, on account of the greater tear and wear of machinery, that will amount to L. 2,400,000, leaving L. 9,600,000 as wages of workmen, which, considering there are many women and children employed, may be reckoned on an average at about L.16 each person; and, consequently, the foreign trade in cottons alone may be supposed directly to employ 600,000 labourers, besides requiring a great

* Mr Stevenson, in his excellent treatise on English statistics, (Edinburgh Encyclopædia, vol. viii. p. 780.) states the real value of cotton goods manufactured in the cotton district of *England*, in 1809 and 1810, at about 29 millions each year.

† Colquhoun on the Wealth and Resources of the British Empire, 1st edit. p. 91.

‡ The official and real value of cottons exported nearly correspond.

tonnage, and several thousand seamen to convey the raw material and manufactured goods to and from the country.

In the woollen manufacture, neither children nor women are employed to the same extent as in the cotton manufacture; and we may safely assume the number of individuals supported by the foreign trade in that branch to be *double* the actual amount of workmen, or 448,000. In the cotton manufacture, supposing only an additional *third* to be supported by the industry of those actively engaged, that will bring the whole to 800,000; which, added to the former, makes a grand total of 1,248,000 of the inhabitants of Great Britain, maintained directly by these two prime sources of our national wealth and prosperity.

We would, however, form but a very inadequate opinion of the importance of our foreign trade, if we should imagine it confined to the export of woollens and cottons. The population of Birmingham, and the district in its immediate vicinity, amounts to upwards of 400,000, and at least *one half* of the hardware manufactured there is destined for exportation. The same is the case with Sheffield, and generally with all the principal ironworks throughout the country. The export of manufactured leather goods, of

earthen ware, of jewellery, and of many other kinds of produce, is very considerable, and gives employment to an immense body of people.

From this view of the subject, we may justly consider at least *two millions* of the inhabitants of Britain as having been constantly engaged in manufacturing for the foreign market, or as having directly depended on it for support.

By the returns of the population act of 1811, the total of families in Great Britain engaged in agriculture, and of those depending on the profits of stock, rent of land, literary professions, civil employments, &c. amounted to 1,415,166; and by the same act it appears, that the total aggregate amount of families *actively* employed in trade, manufactures, handicraft, &c. was 1,129,049, or above *five millions of individuals.* In a country where the division of labour is carried to such an extent as in Britain, and where machines of every kind are so generally in use, it is certain, that the artizans and handicraftsmen necessary for the preparation of manufactures for home consumption must bear but a very small proportion to the other classes of the community. If we suppose *three* millions of workmen and merchants (including their families) to be engaged in manufacturing and circulating the commodities necessary for the consumption of this nation, whose entire population

cannot much exceed 12 millions, we shall surely make a great deal too liberal allowance; but, even on this hypothesis, above *two* millions of merchants and artizans would remain to be provided for by foreign trade.

France, before the revolution, possessed a considerable commerce, and her inhabitants lived more comfortably, and enjoyed more of the products of industry, than any other continental state. But machinery was not there used to nearly the same extent as at this day in Britain, and of course the artizans employed in manufacturing for the home market in that country must have been proportionally more numerous. Taking, however, the then population of that kingdom at $26\frac{1}{2}$ millions, the agriculturists were estimated at EIGHTEEN millions,* and consequently the whole of the other classes, including the priesthood, people in civil employments, &c. only amounted to $8\frac{1}{2}$ millions, or scarcely to one half of the agriculturists; while, on the contrary, the agriculturists of Great Britain, which is much better cultivated than France in 1789, do not amount to more than *one third* of the whole population.

There is, therefore, very great reason to believe, that our estimate of *two* millions is much

* Ganilh Theorie de l'Economie Politique, tom. i. p. 60. Say, tom. ii. p. 163.

under-rated; and it is only when we take into view the reflex effect which the expenditure of the income of this population must have on the wealth and happiness of the other classes, that we obtain something like a just conception of the advantages of commerce. The entire population of Great Britain being nearly 12 millions, about *one-sixth* part of the whole is *directly* supported by our foreign trade; an *equal* portion of our agriculturists are engaged in raising provisions for this enlarged population, and an immense and steady market is created for their produce; and, lastly, an *equal* portion of the *home* manufacturers evidently depend for their *existence* on the same fruitful source of riches.

The wages of our workmen cannot be raised much higher than in surrounding states, without fundamentally endangering our commercial prosperity. We need not flatter ourselves, that the superior excellence of our machinery will compensate disadvantages of this kind. Discoveries in the mechanical arts cannot be monopolised by any one country; and we have already shewn, that the cotton factories of France, Germany, and America, are, in respect of machinery, nearly on a footing with those of England. If a tax of 1s. per yard were imposed on all kinds of cot-

tons, no person would be found stupid enough to maintain, that this tax would not hurt their sale abroad, if taxation there was not carried to the same extent. The case cannot surely be altered, if the same rise is brought about by *indirect* taxation, by raising the price of labour, the cost of machinery, the price of provisions, &c. The cause may not at first view be so very evident, but its effects will be found to be precisely the same.

" There seems," says the most illustrious of modern philosophers, " to be a happy concurrence of causes in human affairs, which checks the growth of trade and riches, and hinders them from being confined entirely to one people; as might naturally at first be dreaded, from the advantages of an established commerce. When one nation has got the start of another in trade, it is very difficult for the latter to regain the ground it has lost; because of the superior skill and industry of the former, and of the greater stocks of which its merchants are possessed, and which enables them to trade for much smaller profits. But these advantages are compensated, in some measure, by the low price of labour in every nation which has not an extensive commerce, and does not very much abound in gold and silver. Manufactures, therefore, gradually shift their places, leaving those countries and

provinces which they have already enriched, and flying to others, whither they are allured by the *cheapness of provisions and labour*; till they have enriched these also, and are again banished by the same causes." *

* HUME's *Essay on Money*.—We are not to conclude from what Mr Hume has here so ably stated, that commerce and manufactures are comparatively insecure foundations of national prosperity. The very same causes that bring on the ruin of manufactures and commerce, as certainly draw on that of agriculture. The connection between the two species of industry is indissoluble. Destroy the manufacturers of any country, and the market for its agricultural produce being cut off, rural industry of every kind must equally suffer. History has been appealed to, and we have been told again and again, that the glory of Tyre, and the power of Carthage,—the wealth of Holland and Geneva,—vanished like the airy visions of a dream, or as volumes of aërial smoke: That Pisa, Florence, Genoa, and Venice, are no more; and, by their fall, prove to the world, that nothing but a respectable agriculture can give to any state permanent power, and solid greatness. We too might appeal to history, and ask, Have nations, chiefly supported by agriculture, and in whom manufactures were but slightly introduced, had a longer political existence? Where are the Assyrian, the Babylonian, the Median, the Persian, the Egyptian, and the Macedonian empires? The single city of Tyre, by her colonies and her commerce, contributed more to the civilization and lasting improvement of mankind than all these boasted states. The wealth of the merchants of this city, and the comparative comforts and ease enjoyed by the inhabitants as the just reward of their industry and ingenuity, have been celebrated in all ages. They were not, however, enervated by luxury; for it is certain, that the inhabitants both of old and new Tyre, when attacked by the most powerful monarchs of antiquity, displayed a degree of courage and of true heroism that has never been surpassed. When the dastardly agriculturists

It is impossible to doubt the accuracy of this reasoning; its justness has been admitted by almost every political economist, and may be demonstrated by the history of almost every commercial country in the world. What, therefore,

of Asia submitted without a struggle to the yoke of Alexander, the Tyrians alone opposed a determined resistance to that conqueror. They were not successful in the unequal contest; but they shewed, (what was afterwards more fully exemplified in the case of the Athenians and of the English), that the commercial spirit is not inconsistent with a warm love of independence.

Every person knows the vigorous resistance the Carthaginians opposed to the insatiable ambition of Rome. But the whole power of that people being derived from commerce, in place of saying it was the cause of their decline, it will be more consistent with truth to ascribe their existence, as an independent state, for so long a period, solely to its powerful and invigorating support. The Roman empire itself,—that huge colossus, which stretched from the Euphrates to Britain, and from Atlas to the Rhine,—whose inhabitants despised all other industry but agriculture,—after quietly suffering every species of cruelty and oppression the most odious of tyrants could inflict, fell a helpless and easy prey to the attacks of rude but unenslaved barbarians. Immortality is denied to the institutions of men, but it does not appear that commercial states are necessarily of shorter duration than others.

Commerce raised Venice from the bosom of the deep; and though the errors of her rulers, combined with the revolution in the India traffic, have diminished her trade, she is still a considerable city. The *funding system*, not the fluctuation of commerce, ruined Holland: And if *we* disregard and despise the lessons of experience,—if *we* impose taxes and burdens sufficient to expel commerce from this country,—the baneful consequences inseparable from its decline must be solely ascribed to our wretched policy, and not to the instability of commerce itself.

should be thought of a policy that, in a nation supported to such an extent as Britain by commerce and manufactures, should labour to place them under great relative disadvantages? That, instead of attempting to counteract the ordinary causes of their decline, and to perpetuate the national power and welfare, should endeavour to accelerate their ruin? That should increase taxation beyond all comparison, and enact laws violently to enhance the price of the indispensable necessaries of life?

If such a policy would be pregnant with ruin at any period, it must be doubly so at present. We have sufficiently explained the rapid progress the continental nations and the Americans are making in manufacturing industry. The fictitious and exclusive advantages we enjoyed during the war are now done away. Cotton will no longer sell for 6s. or 7s. at Amsterdam, when it brings only 2s. at London. The raw material, in a season of peace, must be as cheap in other countries as here; and it is only the power to undersell foreigners in their own markets, on the principle of a fair competition, that can possibly preserve our manufacturing pre-eminence.

The unprecedented emigration of all ranks of people since the return of peace, affords a too practical proof of the decidedly pernicious effects of our fictitious system. It is ridiculous to be per-

petually boasting about the superior excellence of our artizans, at the very moment that blasting poverty is forcing thousands of them out of the country: Were their ingenuity a hundred times greater than it is, it will not long be of any particular service to us, unless a radically different system of policy is adopted.

To suppose that floating capital, or capital that can be disengaged without much loss, will remain in any state when it might be elsewhere vested more advantageously, is an idea contradicted by universal experience, and inconsistent with the fundamental maxims of political economy. A merchant uniformly employs his stock in that trade, and in that country only, where it yields him, all things considered, the largest return. The transference of capital from one state to another is not generally so perceptible as that of artizans; but when the latter find it for their advantage to go abroad in multitudes, the other, we may rest assured, will not be long in following.

If the fact of a great emigration of capitalists and of people of fortune had not otherwise been sufficiently well known, no doubt could exist on the subject after the statement made in Parliament last session, that a considerable revenue might be raised by imposing a tax on the property of persons residing abroad. This allega-

tion was not contradicted by the minister, who expressed his approbation of the principle of such a tax. It appears certain, however, that a tax of this kind, if carried into effect, would, independently of its being oppressive and arbitrary, accelerate the transference of capital, and be altogether inefficient as a source of revenue. A few proprietors of entailed estates might, perhaps, be induced to remain at home; but on the mercantile part of the community, who may be inclined to emigrate, it can have no effect but to stimulate them to take their entire capital along with them.

If the oppressiveness of taxation forces people, brought up in this country from their infancy, to go abroad, it must, unless reduced, oppose an impenetrable barrier to the return of their families. Their children, familiar only with foreigners, will entirely forget they are descended from Britons: France or America will be to them their native countries, and their capital, their ingenuity, and their industry, will permanently belong to the one or the other.

Admitting, however, that it is possible to prevent the efflux of our capital by restrictive measures, that circumstance will not materially retard the progress of manufactures abroad. The want of the raw material, not the want of capital, was, as we have already observed, the

chief cause that prevented the successful competition of the French and Germans during the late war. We judge of the wealth of foreigners by referring to our own ideas of riches, and we forget that an individual with L. 700 or L.800 in France, Bohemia, or Saxony, is really as rich, or can command as much labour and commodities, as he could do in Britain with L.1800 or L.2000. A manufacturer in those countries might consequently trade as extensively as another in Britain, though his nominal capital was a half less; and if the nominal capitals of both were the same, the profits of the former would evidently amount to the double of the latter. The advantages on the side of the foreigners are, therefore, altogether preponderating, and must, without a very great fall in the expence of manufacturing in this country, *ultimately* turn the balance in their favour.

Such a fall can only be brought about BY A REDUCTION OF TAXATION, AND A MODIFICATION OF THE CORN LAWS. We must cease to believe in the efficacy of bounties and drawbacks, and all such miserable expedients. If we pay foreigners for buying our high-priced goods, we will make but a sorry profit on their sale: and if we afford them cheaper to others than to ourselves, by taking off the duties on them when exported, we must, by so doing, increase the relative ex-

pence of living at home, and stimulate emigration.

Of the many groundless opinions entertained respecting our manufactures, none seem more destitute of foundation, than the idea, that although we should be excluded from our present foreign markets by the increased expence of manufacturing, new ones would be found, such as South America, &c. that would compensate for their loss. But countries in an inferior stage of civilization are surely less able to purchase costly goods, than those that are richer and in a more improved state. It is only the absence of competition that could make those goods be bought by poor customers, which, on account of their price, had been refused by nations abounding in wealth: As soon as a competitor appeared, who could afford the same goods at a cheaper rate, this market, like every other, would be lost to the high-priced articles. We must have formed a very incorrect opinion, indeed, of the ambition of the French and the Americans, if we imagine they would be satisfied with underselling us in their own markets, and would not attempt to do the same thing in every market of the globe. If the manufactures of a country are adequate for the home consumption, they naturally seek an extension in the supplying of foreigners. It is easy to augment the quantity in proportion to the de-

mand; and the extension of the demand itself enables the goods to be sold cheaper.

We shall not insist on the irretrievable ruin of agriculture, which must inevitably follow the loss of our foreign trade. By experience it is found, that corn laws are of no service where the consumers are not able to pay the high prices. It is not much for a landlord's advantage that the restrictive system increases his rents 20s. or 30s. an acre, when it increases pauperism and the poor rates, in an equal or greater proportion. An effective demand for the products of agriculture, arising from the possession of a large body of manufacturers and merchants in easy circumstances, is its only real and permanent support.

The agriculturists labour under a gross delusion. They never reflect, that the price of every commodity into which the labour of man enters, must correspond with the price of the essential necessaries of life: and that whatever they may gain from an increase in the price of their produce, is compensated by the rise in the wages of labour, and of all kinds of manufactured goods. By disabling our manufacturers from competing with foreigners, the corn laws sacrifice the lasting advantages resulting from the possession of a great surplus industrious population, for the sake of a small temporary benefit. Whatever relief the agriculturists derive from them must,

therefore, be fleeting and illusory: It must arise from the depression and ruin of that class with whose welfare their own is intimately and inseparably connected: It is precisely the same with the relief a patient receives from a medicine, that expels a curable, to leave an incurable disease in its room.

The encouragement given to smuggling by our fictitious system, is not the least of the numberless evils attending it. When the most necessary commodities are loaded with excessive duties, it is certain an illicit trade will be carried on. The temptation is too strong to be effectually resisted, more especially when it is shrewdly suspected that the price is improperly enhanced, or the duties unnecessarily imposed. It is ridiculous to think of repressing these evils by other means than by removing the real cause. As soon as the profits of the fair trader are nearly equal to those of the smuggler, the latter will relinquish his hazardous profession. But an army of excise officers, backed by all the indiscriminating and absurd severity of the revenue laws, will be inadequate to repress this traffic, while other laws give it direct encouragement, or while the high duties are continued. A contempt of oaths, a contempt of all law, accompanied with the universal demoralization of the lower classes, are the necessary and baneful results of this system of policy.

There is, unfortunately, nothing of hypothesis in this statement. The increasing frequency of crimes in this country, is a fact that can no longer be denied. And the pressure of taxation—the intolerable burdens imposed on the middle and lower classes,—fully warranted Say in pointing them out as the *sole* cause of the evil.*

The decline of our Navy will be a certain consequence of a falling off in our foreign trade. The one cannot be maintained without the other: Commerce is alone the nursery of sailors, and to say that the country can go on without trade, is the same thing as to say that seamen may equally be dispensed with. Though the internal and coasting traffic of France were far from inconsiderable during the late war, yet the want of foreign trade, and the consequent inexperience of her sailors, rendered them very inadequate opponents of the British. The victories gained by Lords Howe and Duncan, were more keenly contested than any of the rest, because the seamen in the enemy's squadrons had been trained in the previous peace. The late contest with America sufficiently proves the truth of this remark. It will not be said that the bravery of the Americans was greater than that of the French and the Dutch; their different success can only be ascri-

* De l'Angleterre, &c. p. 26.

bed to their superior seamanship, and to their long training to nautical affairs. If, therefore, we will not voluntarily consent to surrender the trident of Neptune, to occupy the second in place of the first rank among nations, to see our naval laurels transferred to another country,—we must support our foreign commerce and our manufactures, for it is to them we solely owe our naval and national pre-eminence.

But we again repeat,—the commercial spirit cannot *permanently* remain in any particular country, under great comparative disadvantages. It will, in peaceable and ordinary times, adapt itself to that situation in which it may be exerted with greatest freedom, and in which it is exposed to fewest exactions. Hence the policy that persists in maintaining a fictitious increase in the price of provisions, or a great relative weight of taxation, is, in a manufacturing nation, the very worst that can be followed. It argues a total ignorance of general principles, and a perfect blindness to the most obvious and necessary consequences. It directly counteracts the progress of real opulence, and lasting improvement; and for some trivial good, or more generally to effect some sinister and infamous purpose, forces industry to relax in its efforts, to lose its proud and noble consciousness of self-independence; and finally produces

poverty, wretchedness, and, worse than all,—slavery.

The supporters of our fictitious system,—the admirers of taxation,—dwell with extreme pleasure on the falsification of the predictions of *immediate* ruin to our commerce, that were indulged in by some writers at the end of the American war: And they triumphantly ask, Is it possible to imagine that similar conclusions, resting on no better foundation, shall not again be equally disproved? There is here, however, an assumption made of the very point which should have been established. It must *first* be shewn that the present relative situation of Great Britain is the same as in 1783; and *after that is done*, the argument will apply, and some gasconading may be safely indulged in.

During the American war, this country, far from engrossing the commerce of the world, was not able to preserve what she had previously possessed. The revolution in the colonial trade, and the capture of several of our West India islands, made us *then* sensible of the evils of war while it was carrying on. No fears were entertained at the return of peace, that we would lose the trade we had kept during the war, but merely that we should not be able to *recover* our for-

mer commerce to its full extent. America, at the conclusion of the peace, did not manufacture any goods for her internal consumpt; the spirit of her inhabitants was entirely agricultural, and it was clear she must continue to import commodities from Europe. Many, indeed, apprehended she would be able to purchase them at a cheaper rate from France or Germany; but most opportunely, the discoveries of Sir Richard Arkwright at that critical juncture, gave us a decided superiority in the cotton trade, and enabled us, till his inventions became generally known, to bear down all opposition. The present situation of America, and this country, and Europe, is quite changed. Manufactures have now struck a firm root in the United States, the most improved machinery is introduced, and the people and government of that country are fully impressed with their importance, and are not dependent for a supply of necessary articles on *any* European nation.

From 1775 to 1783 inclusive, the average price of wheat was about 44s. a quarter. No new corn law was enacted when the treaty of peace was signed, and the price did not decline subsequently to that event. It is needless to say how very different was the state of things during the late war: but it is of the utmost importance to remark, that, as the price of corn in France and

other nations of Europe *has not risen since* 1783, the expence of living, and consequently of labour, in Britain, compared with the continent, must now be about *double* what it was at that period.

In 1798, Mr Pitt estimated the nett rent of Great Britain, or the portion of the produce accruing to the landlords, at 25 millions sterling; and supposing the rental to have increased *one-third* between 1798 and 1783, that would give $16\frac{2}{3}$ millions as the nett rent at the latter period. In 1783, the interest of the national debt, and the charges of management, were together between *eight* and *nine* millions, or were nearly equal to *one-half* of the rental. In 1815, however, the total nett rent of Britain did not certainly exceed 27 millions,* while the interest of the debt, and its attendant expences, amounted to the enormous sum of Forty-five Millions, or to two-thirds *more* than the rental.

* The nett rent of England and Wales was reported to Parliament, by the commissioners of the income tax in 1810, as being equal to $29\frac{1}{2}$ millions; and the tenants' profits, (estimated in every case, even where the tenant was losing, at 3-4ths of the actual rent; and in other cases of old leases, &c. at 3-4ths of the *valued rack rent*,) amounted to almost exactly the same sum. The rent of Scotland, at the same period, amounted to about four millions; but the tenants' profits were not estimated in the same proportion to the rent as in England. There was no increase of rent between 1810 and 1813; but supposing the entire rent of Great Britain to have

The average *official* value of the exports for the three years ending with 1783, was L.13,276,000; which exceeds the interest of the then debt by a sum equal to *one-half its amount.* But the average *official* value of the exports for the three years ending 1814, did not equal the amount of the present debt.

It were extremely easy to adduce additional evidence to prove, that the relative situation of Great Britain at the *present day*, is vastly different from what it was in 1783; but that is unnecessary. The facts we have just stated, sufficiently establish this unpleasant truth, and shew the rapid progress we have made towards national bankruptcy, the certain result, perhaps the true *euthanasia*, of the funding system.

In 1783, France groaned under an immense debt, and under every species of feudal oppression. The revolution totally destroyed both, and the industry and improvement of that country have since rapidly increased. It is true, that

at the latter period amounted to 36 millions, it is certain, from the inquiries made by the Board of Agriculture, and other evidence, that this rent is now reduced by at least 25 per cent., (35 per cent. would be much nearer the truth); and, consequently, the nett rent of Great Britain at this moment does not exceed *twenty-seven* millions. And estimating the tenants' profits at *one-half* the rent, it follows, that *both* do not amount to above 40½ millions; which is about 4½ millions *less* than the interest of the national debt, and the expence of the sinking fund.

late events threaten to retard her improvement; but it is not possible to imagine, that the abuses of the old regime, that the authority of mistresses and priests, can be restored in their full extent; or that the stimulus given to industry by the revolution shall entirely lose its efficacy.

In Holland, notwithstanding of the economy of the government, the public debt became so enormous, that, in order to raise the sums necessary to pay its interest, the most indispensible necessaries of life were heavily taxed. Flour and meal paid a duty when ground at the mill, and bread when it came from the oven. The country people of Holland, in lieu of a part of these imposts, paid an annual composition of so much a head, according to the sort of bread they consumed. Those who made use of wheaten bread paid about 6s. 9½d., and those who lived on oats, rye, &c. paid proportional sums.* Can we be surprized, that such a system of taxation *ultimately ruined* the greater part of the manufactures of Holland, and vastly injured her carrying trade, and her fisheries? †

If prohibitions on the import of foreign grain raise the price of corn in any country beyond

* Petty's Pol. Arithmetic, 4th edit. p. 104. Wealth of Nations, vol. iii. p. 340.

† Wealth of Nations, vol. iii. pp. 340. 392. Raynal, Histoire Philosophique, &c. Geneve, 1780, tom. iv. p. 310.

its natural level, they must, to the consumers, be exactly the same in their effects, as if they paid a tax on corn equal to the fictitious increase. A British workman might, if the trade were free, purchase a quarter of wheat for 50s.; but the restrictions—framed to enable the landed interest to pay their *taxes*—by raising the price to 80s., virtually make him pay a tax of 30s. on every quarter he consumes; and, averaging the consumption at 3-4ths of a quarter *per head*, they are really equivalent to a capitation tax of 22s. 6d. sterling.*

It will be very extraordinary indeed, if the debts of this country do not cause an *effective similarity* with Holland in more points than the above; if the funding system shall be ruinous in every other nation of the globe, and here alone harmless or beneficial. †

* Dr Smith justly stigmatizes a taxation of this kind, as being a curse equal to the barrenness of the soil, and the inclemency of the heavens. *Wealth of Nations*, vol. ii. p. 198.

† " The practice of funding has gradually enfeebled every state which has adopted it. The Italian republics seem to have begun it. Genoa and Venice, the only two remaining which can pretend to an independent existence, have both been enfeebled by it. Spain seems to have learned the practice from the Italian Republics, and (its taxes being probably less judicious than theirs) it has, in proportion to its natural strength, been still more enfeebled. The debts of Spain are of old standing. It was deeply in debt before the end of

By proving, that a great relative taxation must exert a *deadly* influence on the commerce and prosperity of the country, we sufficiently establish its impolicy, and the *necessity* of its reduction. As the subject, however, is of vital importance, we shall add a few additional observations, tending still more to strengthen these conclusions.

Dr Colquhoun, and other writers who have laboured to prove, that an immense national debt, or an immense taxation, (for the phrases are synonymous,) is not injurious to the country, assume, that the money borrowed by Government is expended in the same manner as the sums borrowed by a private individual. But a private person will always attend more to his interest, and have a clearer view of what conduces to his advantage, than the agent of a monopolizing company, and the latter than a servant of Government. When the capital of the country

the sixteenth century, about a hundred years before England owed a shilling. France, notwithstanding all its natural resources, languishes under an oppressive load of the same kind. The republic of the United Provinces is as much enfeebled by its debts as either Genoa or Venice. Is it likely, that in Great Britain alone, a practice which has brought either *weakness* or *desolation* into every other country, should prove altogether innocent?"—*Wealth of Nations*, vol. iii. p. 432.

comes into the hands of the latter, it is morally certain that it will be employed less judiciously than if it had been distributed to individuals. Responsibility, though lofty in its sound, and often employed to round a parliamentary period, is but trifling security for good conduct, when compared to self interest.* And if the funding system had no other disadvantage than the counteracting of this principle, it would be condemnable on the soundest policy.

It is here assumed, that the capital borrowed by Government is spent productively; and even on this most favourable hypothesis, the transaction is obviously hurtful. The fact is, however, that not one thousandth part of the money borrowed by Government is so expended. It is bestowed on supporting those who, if they were annihilated at any given instant, would not leave any capital behind them—nothing to represent the immense sums that had been lavished on their support. Their productions are properly denominated *immaterial*, and consist almost always in moral results. It is no doubt necessary for the state to maintain soldiers and sailors for her *defence;* and to think they could be entirely dispensed with seems perfectly visionary. But

* "Nul sentiment dans l'homme ne tient son intelligence èveillè, autant que l'interet personnel; il donne de l'esprit aux plus simples."—*Say*, tom. i. p. 340.

we must not be silly enough to imagine, that whatever is consumed by them has as great an effect in increasing national *opulence* as if it were consumed in giving birth to new products. Fashion renders coachmen and valets necessary to people of fortune, but certainly they do not contribute to increase their riches. Abstracting from the security derived to the state, the consumption of military is precisely the same in its effects on industry, as if the same quantity of produce they consume was purchased by Government, and then cast into the ocean. Every thing expended on them is just so much capital, so much *reproductive power*, taken from the industrious classes of society, and for ever lost to the state.*

It is often stated, that taxation encourages production, by increasing consumption; and that whatever sums the Government and its dependants receive from the people, reverts back to them in payment of their produce purchased by the former. But, in the *first* place, the consumption caused by taxation ought more properly to

* "Smith appelle le soldat un travailleur improductif: Plût, à Dieu! c'est bien plutot un travailleur destructif; non-seulement il n'enrichit la societé d'aucun produit, non-seulement il consomme ceux qui sont necessaires à son entretien, mais trop souvent il est appelè a detruire inutilement pour lui-meme, le fruit penible des travaux d'autrui."—*Say*, tom. ii. p. 262.

be denominated a *destruction.* It does not arise from an *exchange* of products, and consequently can give no beneficial encouragement to production. There is no reciprocity of advantages; gain is all on the one side, and loss only on the other. The industry of an agriculturist will be exerted,—he will endeavour to raise larger crops, if he knows he can exchange his surplus corn for manufactures, colonial produce, or any commodity he may wish to acquire. But a totally opposite effect will be produced, by taking a half, or a third of his earnings, to expend them in supporting some useless regiment, some pampered sinecurist, or some profligate mistress. In the *second* place, the money spent by Government, or its servants, does not revert back to the people, but on the *same* terms they obtain the money of Spain or Portugal. The sinecurist receives his salary without giving an atom in return; but he is much too wise to spend it in the same manner. He receives money for nothing; but he parts with it only for bread, beef, clothes, or commodities possessed of real value. It is, therefore, perfectly absurd to imagine, that the industry of a state can be in any respect benefited by the expenditure of its government. If taxes are reduced, the fortunes of the *productive* classes are proportionally augmented. The same expendi-

ture still takes place; but it is under the guidance of *individual* interest, and is effected by a production and interchange of real equivalents.

It is obviously the same thing, whether taxes are paid in raw produce, manufactured goods, or money. If they are paid in money, the money itself must previously have been purchased with some sort of produce really valuable. If a manufacturer is taxed to the extent of L. 500, he must sell goods to raise this sum. After he has paid his tax to Government or its dependants, they may again transact with him, and purchase goods with the money. But this circumstance restores no part of the commodities to the manufacturer with which he really paid the tax. He first gave commodities for a certain amount of gold and silver; he next paid this gold and silver to Government; and if he now buys this money back, it will be on the same terms he first acquired it—by *again* parting with an equal quantity of goods. It is astonishing how such a simple transaction as this, could ever have been rendered obscure by any species of sophistry. Nothing can be more obvious: View the matter as we please, the manufacturer will be found to have lost exactly the amount of his tax. We must cease to deceive ourselves. There is nothing productive in taxation; nothing advan-

tageous to the productive classes;—it is an engine of destruction, and nothing more.

The unavoidable necessity of supporting fleets and armies, as it cannot be escaped, should be rendered as light as possible. A rigid economy is in a government the first of virtues, and the most pressing of duties. A splendid and gorgeous court, magnificent fetes, and pompous palaces, are not only false and fallacious evidences of national prosperity, but they are at once a *proof* and a *cause* of its decline. Many comforts must be wrung from, and much misery entailed on, the lower and middle classes, to support this glittering emptiness and ostentatious parade, nowise conducive to the real dignity of any nation. It should never be forgotten, that the President of the United States, the chief magistrate of one of the most powerful nations of the world, has not above L. 6000 per annum of salary.

We must also recollect, that this country has been often saddled with the interest of loans sent abroad. It is frequently forced to pay for, and advance a capital to foreigners; and when this is the case, it is really a little too much to tell us, we are only taking out of the right pocket and putting into the left.

It has been contended, that every war obstructing the ordinary employment of capital, and disengaging quantities of stock previously

invested in a profitable manner, such portions of the national capital naturally seek the service of the public, "*and can be employed in no other way.*"* There is, however, much gratuitous and unfounded assumption in this statement. If some departments of industry suffer from a war, advantages accrue to others. A greater demand is experienced for military stores; an impulse is given to agriculture, by the purchases for the fleet and army; and, consequently, an additional capital is required for these departments. It is also certain, that when war enlarges foreign trade,—when it puts a stop to that competition which exists during peace,—and when it throws the commerce of the world into the hands of one of the belligerent nations,—its merchants may profitably invest much larger capitals than before. It is, therefore, extremely doubtful, whether the funding system admits of any defence on this ground; but assuredly, had no other sums been borrowed by Government than those alluded to, the magnitude of the national debt would never have caused any uneasiness.

A bank is an *entrepot* for capital, not the public funds as has been imagined. When a capitalist lends money to Government, he merely gets in return an assignment on the revenues of the

* Edinburgh Review, No. ix. p. 118.

country for a certain annual rent, till it be found *convenient* to repay the principal, which is either applied to the real service of the state, or squandered away. The holders of these assignments may, it is true, sell them at pleasure; but the *original stock*, with which they were first purchased, has been consumed as *revenue*,—is abstracted from the capital of the nation, and cannot again *reproduce* itself.

The national debt gave birth to the nefarious practice of stock-jobbing. It generated a spirit of gambling, destructive of public morals, disgraceful to the state, and decidedly hostile to the pursuits of sober industry. Capitalists were deterred from lending money to agriculturists or manufacturers, because, when in their hands, they had no opportunity of taking advantage of the rise and fall in the price of the funds, of imposing on the simplicity of some, and the cupidity of others. And Government being absurdly released from the operation of the usury laws, contracted frequently for loans at a much higher rate of interest than capitalists could legally have exacted from other persons,* and obtaining mo-

* In 1781, ministers borrowed 12 millions; and for every £100 of this sum, they gave £1 50 in the *three* per cents. and £ 25 in the *four* per cents., with a *bonus* of lottery tickets. The interest, therefore, which the public has to pay on this loan amounts to above 5½ per cent., exclusive of the bonus, and the charges of management; and if the funds should be

ney in preference, engrossed the floating capital of the country to the real prejudice of the productive classes. These are not imaginary grievances: During the latter years of the war, when the loans to Government were largest, a very great difficulty was universally experienced in the borrowing of money even on the most unexceptionable security. The expedient of redeemable annuities (loans at 12, 15, and 20 per cent.) was generally resorted to by such as were not fortunate enough to obtain loans from bankers. The constant depreciation of the currency prevented the miserable effects of this method of borrowing from being immediately felt; and the late diminution of their usual discounts by the country banks, while, by altering the value of the currency, it ruined those who had previously borrowed on the annuity system, has obliged many industrious individuals, fully aware of its injurious tendency, to have recourse to it.

It is perfectly illusory to say, that the money drawn from the people by taxation would have

at par when it is paid,—(this consideration, I confess, need give no serious alarm,)—it would require 21 millions to cancel it. In 1796, £18,000,000 was borrowed as a *loyalty* loan; and for this sum, so loyally advanced, Government, besides paying a large bonus, funded £20,124,843 in the FIVE per cents., mortgaging the revenue of the country for £1,006,243 of interest, exclusive of the expence of management, &c.—Our funding system exhibits many similar instances of unmeasured prodigality.

been spent by them as unproductively. Unless taxation be altogether oppressive,—unless it takes away a part of those necessaries and enjoyments essential to all conditions of life,—this consequence will not follow. The prospect of enjoying increased comfort, and comparative respectability and ease as the fruit of exertion, must surely operate as a greater incitement to industry and economy, than the desire of satiating the all-devouring and thankless rapacity of the tax-office.

"Will it be said," asks Say, "that the *necessity* of paying taxes obliges the industrious class to redouble their efforts, and that consequently there is an increase of production? But, in the *first* place, efforts do not suffice to produce: capitals too are necessary; composed of those very products which the revenue seizes upon. In the *second* place, who does not perceive, that that produce which industry only raises in order to pay taxes, does not enrich the state, since it is taken and consumed unproductively? To maintain that taxation contributes to enrich a nation, because it abstracts a portion of its riches, is plainly to maintain an absurdity; and to have made this remark would have been superfluous and trivial, if the greater part of governments had not acted on this pretended principle, and if works, estimable both from the intentions and

the talents of their authors, had not laboured to prove it." *

To ascribe the improvement of Britain, during the last twenty years, to the increase of her debt, is an error of the most miserable kind. Her improvement during that period was owing to the perturbed state of the rest of Europe; to her monopolizing the commerce of the world; and to other accidental causes already noticed.—She did not improve because of the debt, but in spite of it.

At no time was the progress of *real lasting* improvement more rapid in Britain, than from the peace of Paris in 1763 to the war that broke out in 1775; and in that interval the national debt was *reduced*, paper was convertible into gold, and the price of grain did not rise. Since the breaking out of the *late* war, the debt of Ireland has increased even more rapidly than that of Britain; and if the improvement and happiness of nations were correspondent to the extent of their burdens, she ought at this day to be by far the most flourishing, and most happy country in Europe. Her actual situation too flatly contradicts this ridiculous theory; and it appears certain, that an oppressive taxation, operating on an impoverished and starving populace, is the real cause of her distress and irritation.

* Traitè d'Economie Politique, tom. ii. p. 29

It is surely unnecessary to pursue this argument farther. Nations and individuals get rich in the same manner. If M. Canard, Mr Spence, and Dr Colquhoun, shall continue for a series of years to live above their incomes, and prove to the world that they became richer as their extravagance and profusion increased, we may *then* be inclined to suspect, that, though apparently inconceivable, there is some foundation for their reasoning. At present, we can consider it as nothing better than ingenious trifling,—than sophistry, and groundless assumption, in place of natural inferences from established facts.

SECTION SIXTH.

Propriety of Repealing the Restriction Act, and of obliging the Bank of England to resume Cash Payments.—Inexpediency of Cash Payments, unless accompanied with a Reduction of the Interest of the National Debt.—Proofs of the Necessity and Justice of this measure of Reduction. —Expediency of applying the Sinking Fund to the general service of the State.—Conclusion.

While it is in the power of the Directors of the Bank of England to regulate the currency of the

country at their pleasure, no person can form a prospective conjecture as to the value of his property at any period but a little remote. The estate that is purchased to-day for L.10,000, and reckoned a good bargain, may, by a change in the Bank's system of discounting, or by their withdrawing their notes from circulation, be rendered in a very short time not worth half this sum: On the contrary, if they are more liberal in granting discounts, and increase their notes, either by accommodations to the state or to individuals, it might speedily become worth double the paper it had been sold for. This artificial and unnatural system, renders the *money* value of all the property of the empire dependent on the views and opinions of twenty-four individuals. Their fiat alone makes one transaction good, and another bad. They hold the scale of value, and change its graduation as they judge proper.

Although we should, in a paroxysm of folly, consent to sacrifice our foreign trade and our manufactures to preserve our present money system,—although we should completely prevent the import of corn and all other products from abroad,—although we should realize the idea of Berkeley, and surround the country with a wall of brass,*—the inherent defects of such a cur-

* Querist, No. 134.

rency would compel us ultimately to aban on it. In this state of things, there could be no limit to the Bank issues from any fears the more enlightened Directors might entertain of thereby enhancing the cost of labour and of manufacturing. The depreciation of notes, compared with the produce of the country, would be so much the more rapid; as they would never come into contact with the currency of foreigners, and as we would never be alarmed with the exchange being 20 or 30 per cent. against us. When a quarter of wheat came to require double the number of notes to purchase it, that it had done before this system began, it would be sagely maintained, that the "money unit could not depreciate," but that wheat had become more valuable. Thus circumstanced, no person could dispose of any property, even for what might be considered at the time as an extraordinary price. No person could lend money to another, or to the state; perpetual alterations would have to be made in all kinds of salaries; and doubt and uncertainty would be intermingled with every transaction. Men, in this situation, would again, from necessity, have recourse to barter; to the exchange of real equivalents against real equivalents; and the natural course of events, without the aid of legislative authority, would of itself compell us to

have recourse to a currency less fluctuating in its nature.

These effects were felt to a considerable extent during the greater part of last war. Annuitants of all descriptions suffered much hardship. The injustice that, in a different state of things, would have been done to the public creditors, *who had lent the country gold, or paper equivalent to gold,* by raising the denomination of the coin, however gross and palpable, would not have been greater than what was actually done, in paying them with depreciated paper. The salutary practice, too, of granting long leases, was well nigh put an end to. Landlords would not let their farms to tenants for 20 or 30 years, when they saw the rapid advance that was every day taking place in prices. The length of leases was frequently reduced to half the usual period; and clauses were introduced, giving the landlord power to resume possession during its currency, on certain conditions. Nothing but the prospect of a continued rise in prices, or a continued depreciation of paper, could have induced tenants to enter into such stipulations; they were altogether inconsistent with a sober and steady spirit of industry, and were solely fitted for the fictitious state of thing in which they were adopted.

But there is one thing that deserves to be most particularly attended to, for its consequences are

at present severely felt. Although the Bank may render its notes much *less* valuable than the specie they profess to represent, it cannot render them *more* valuable. If the state contracts a debt when the currency is depreciated, when a bank note is, perhaps, not worth more than 15s. it still has the same nominal amount to pay, when its value is at par. If taxation was carried to an oppressive extent, to cancel the interest of sums borrowed on the former footing, it becomes almost insupportable on the latter: 25 per cent. is virtually added to its amount; and precisely the same thing is done, as if the taxes had formerly been increased in that proportion.

On this account alone, it is of infinite importance to a state, that the value of its currency should be as little fluctuating as possible. When a public debt has been contracted, a depreciation of paper induces what is really equivalent to a national bankruptcy. It is certainly too much to entrust any corporate body, however respectable, with the power of reducing the national credit to nothing, and of ruining all the classes living on fixed incomes. It is still more dangerous to entrust them with the power of enriching annuitants and stockholders at the expence of the industrious part of the community,—to arm them with the prerogative of imposing taxes; for they exercise that power most effectually, when, by

diminishing their paper, and consequently raising its value, they reduce the price of commodities, and oblige a farmer to sell two quarters of wheat to pay the taxes for which one had formerly sufficed. Such a power vested in the hands of a body unknown to the constitution, and acting under no responsibility, is perfectly anomalous in a free country, and is totally at variance with a perfect right of property.

If the Bank had, in the late session of Parliament, been obliged to pay its notes in specie, which it might have done without any loss to itself, as the reduction of the paper of the country banks had brought their value to a par with gold,—the interest of by far the greater portion of the national debt contracted in the late war, would have been raised 5, 10, 15, and even 30 per cent. The country, without the dividends had been reduced, would have been compelled to pay the immense sums lent to it when paper was depreciated much below its value in gold, with paper convertible at pleasure into the precious metals. When the real capitals of farmers and manufacturers were daily getting less, (because of a falling off in the demand for their produce, caused by foreign competition,) their real burdens would have been as constantly increasing. The least valuable class of society would have been benefited at the expence and ruin of the rest. The taxation that

has been so intolerably oppressive for the last two or three years, must have been *continued* without the possibility of its reduction. Capitalists and labourers, deprived of every *prospect* of a diminution of their burdens, would have emigrated to a greater extent than they have hitherto done; and would have sought an asylum less exposed to the ruthless attacks of the harpies of extortion.

The Bank cannot, therefore, be called upon to pay its notes in specie, without a reduction being made in the interest of the national debt. This measure must precede the other. The misery of the last two years cannot always be borne. Either the currency must be again depreciated, or the debt must be reduced. Injustice may be done as much by *lowering* as by raising the denomination of money. All the arguments that have ever been adduced to shew the injustice and impolicy of the one, apply with equal, or greater effect to the other. To force an individual debtor to repay 20s. with 25s., or 20 oz. of bullion with 25 oz. would be gross and barefaced oppression. The case is the same, or much stronger, with a nation. The sufferings and wrongs of individuals may not be attended to in a season of general prosperity; but general oppression and hardship for the advantage of a few, will not be long endured, in any country not perfectly enslaved.

It is perfectly idle to talk of sensibly reducing our burdens, of bringing taxation to a par with the other countries of Europe, while an overwhelming debt weighs down the state, and deadens the springs of exertion.* While 45 millions a-year have to be raised for paying the interest of the debt alone, it is vain to think that any retrenchments in minor parts of expenditure can afford any adequate relief to the distresses of the country. A load of taxation *nearly double* the rent of the *whole land* in the Empire, is a burden so vast, that *of itself* it cannot fail to force capital and industry to emigrate, and must at no very distant period destroy our commercial prosperity, and bring on a public bankruptcy, if not a revolution.

This immense debt is the real millstone that overburdens and destroys the enterprise, the industry, and vigour of the people; that multiplies tax-gatherers, pauperism, crimes, and wretchedness throughout the land; that prevents us from

* We are far from insinuating, that those measures of retrenchment adopted during last Session of Parliament were improper. The sinecure system ought to be entirely rooted out. While it exists, a powerful body, fed by taxation, will always be ready to support and multiply every species of abuse: And although the pecuniary advantages resulting from its abolition would not be very considerable, still it would be of infinite consequence, that this servile phalanx was for ever dissolved.

being happy in a state of peace, and that totally unfits us for again entering upon war. Is it possible that we can hesitate about its reduction, as far as that can be done with justice? or that we can turn a deaf ear to the well-founded complaints of the country?

It has been contended, that, if we are to reduce the interest of the national debt when money rises in value, we ought, on the same principle, to increase it when the value of money falls; and that, in this way, there would be no end to legislative interference. This remark is perfectly just, but is altogether inapplicable to the present case. We do not propose to reduce the interest of any part of the debt contracted anterior to the depreciation of paper; but we maintain, that it is manifestly unjust (waving the gross impolicy of the measure) to compel the country to pay *depreciated paper*, or paper perhaps 20 per cent. less valuable than bullion, with paper convertible at pleasure into the precious metals. This is precisely the same thing as compelling the *industrious classes*, (for it is on them that every tax ultimately falls,) to pay the stockholders one hundred ounces of silver, when they only lent eighty ounces—it is really equivalent to raising the interest of the debt, and increasing taxation. If, however, the interest of all

the loans made since 1797, is now reduced according to the depreciation of paper at the time they were lent, and if the Bank is also obliged to pay in specie, (and we hold the two measures to be inseparable,) it is clear, that no reduction whatever is made on the amount of *bullion* due the stockholders. They receive back the nett quantity of *gold* and *silver* they lent: We do not reduce the interest, because the relative value of gold and silver may happen to be increased; but we justly refuse to return a greater quantity of the precious metals than was actually lent us.

It is, therefore, incontrovertibly just, that if the dividends are now to be paid in *undepreciated* paper, they should be reduced by the difference between the value of paper, and gold and silver, at the time the loans were made.

This satisfactory conclusion, is altogether independent of any considerations respecting *a modification of the corn laws, and of a fall in the price of grain.* These considerations must not, however, be overlooked; they are of the utmost importance, and would of themselves afford substantial reasons for reducing the interest of the national debt.

Were the value of agricultural produce to be lowered by legislative interference, by the repeal or modification of the corn laws, the agriculturists would surely have a just claim to demand

a diminution of their burdens. They would have an unquestionable right to require, that all taxes imposed on land, when corn sold for 80s. or 100s. a quarter, should be reduced in proportion to the fall consequent on the act modifying the restriction. If the burdens, however, that manufacturers and capitalists now bear, by the price of corn being fictitiously kept up, were thrown upon them in the shape of taxes, their situation, it is obvious, would not be at all benefited. They would then pay directly to the taxgatherer the same sums that now find their way to him, by intermediately passing through the hands of the farmer. In one circumstance only their new situation would be different; they would have a more accurate, less confused idea, than at present, of the real cause and extent of their sacrifices.

The value of commodities may, in every case, be said to measure the value of money: in proportion as they are high or low priced, the holders of given quantities of gold and silver have a less or a greater power over the necessaries and luxuries of life. When accidental causes, or a fictitious and destructive system of domestic economy, enhances the prices of commodities in a particular country, the value of money is proportionally reduced; and if the system is deliberately established, a flagrant injustice is done to the

possessors of monied property. It is certain, however, that after the fictitious system is once established, every commodity in the state destined for home consumption assumes a corresponding value; every *internal* transaction is settled with reference to the new order of things; and it is only in our transactions with foreigners, enjoying the blessings of a free trade, or cursed with restrictions of a different nature, that such a system of policy is always ruinous. During the last war, the combined effects of a depreciation of the currency, of the corn laws, and of the difficulties in the way of importing grain, raised the home price of corn to an unparalleled height. This rise continued for so long a time, that the prices of almost every other commodity in the kingdom experienced a similar advance, and the value of money a corresponding fall. Every lease was granted, and every contract was entered into, in the belief that the then value of money was natural, that the depreciation had been general, and that it would continue. *

From this statement it becomes obvious, that any rise in the value of money, or any alteration in the fictitious system, which would effect a reduction in the price of commodities, would fundamentally alter every one of the contracts en-

* See Sect. IV. p. 128.

tered into during the last twenty years. For example, let us suppose that the state, in consideration of sums advanced by a capitalist in 1812, engaged to pay him for fifty years, an annuity of L. 10,000: on referring to the price of corn for that period, it will be found that it had *really* in view to give him a power of purchasing annually about 1600 quarters of wheat; but supposing the price of wheat to be permanently reduced to one half of its then price, it is clear this annuitant would be invested with a power of purchasing 3200 quarters of wheat; and would, unless the amount of the annuity were reduced, receive in all 80,000 quarters more than he was justly entitled to, or than what entered into the view of the parties at the time of the contract. The case here supposed is entirely the same in principle, with the *real* case of every stockholder who has lent money to the country during the late war.

If we abolish the fictitious system in one part, we must abolish it in another. If we repeal the corn laws, and thereby reduce the price of corn, we must also reduce the interest of the national debt contracted during the continuance of the high prices. We must not gratuitously enrich the stockholders at the expence of the other classes; they must not receive two quarters of wheat when they are only entitled to one: If the

power of their annuities is increased, though the *quantum* be proportionally diminished, their situation will remain the same.*

When value is rendered for value, there is no injustice; but money is only so far valuable, as it enables us to command the necessaries and the luxuries of life. If the stockholder, therefore, is paid with half the sum that he lent, when by a change in the domestic policy of the country, this half sum will purchase as many of these articles as the whole sum did before, no injustice is done him; on the contrary, he is dealt with on the clearest principles of equity.

It could not escape the penetration of Mr Malthus, that if the price of corn should fall below its price for the last twenty years, the stockholders who had lent money to the country during that period, would get an unjust and ruinous advantage over the industrious classes of the state. With his wonted perspicuity, and with a spirit that does him infinite honour, Mr Malthus has assigned the following unanswerable reasons for this opinion:—

"If the price of corn were now to fall to 50s. a

* Their situation would in fact be much better: They would have an increased security for their real debts; and the improvement in the economical situation of the country that would follow a reduction of taxation, would greatly raise the value of the funds and other government securities.

quarter, and labour and other commodities nearly in proportion, there can be no doubt that the stockholder would be benefited *unfairly*, at the expence of the industrious classes of society, and consequently at the expence of the wealth and prosperity of the whole country.

" During the twenty years beginning with 1794 and ending with 1813, the average price of British corn per quarter was about 83s.; during the ten years ending with 1813, 92s.; and during the last five years of the twenty, 108s. In the course of these twenty years, Government borrowed near five hundred millions of real capital, for which, on a rough average, exclusive of the sinking fund, it engaged to pay about five per cent. But if corn shall fall to 50s. a quarter, and other commodities in proportion, instead of an interest of about five per cent. the Government would really pay *an interest of seven, eight, nine, and for the last two hundred millions, ten per cent.*

" To this extraordinary generosity towards the stockholders, I should be disposed to make no kind of objection, if it were not necessary to consider by whom it is to be paid; and a moment's reflection will shew us, that it can only be paid by the *industrious classes of the society* and the *landlords*; that is, by all those whose nominal incomes will vary with the variations in the mea-

sure of value. The nominal revenues of this part of the society, compared with the average of the last five years, will be diminished one-half; and out of this nominally reduced income, they will have to pay the same nominal amount of taxation.

" The interest and charges of the national debt, including the sinking fund, are now little short of forty millions a-year, (they are *now* forty-five or forty-six millions); and these forty millions, if we completely succeed in the reduction of the price of corn and labour, are to be paid in future from a revenue about half the nominal value of the national income in 1813.

" If we consider with what an increased weight the taxes on tea, sugar, malt, leather, soap, candles, &c. &c. would, in this case, bear on the labouring classes of society, and what *proportion* of their incomes all the active industrious middle orders of the state, as well as the higher orders, must pay in assessed taxes, and the various articles of the customs and excise, the pressure will appear to be absolutely intolerable. Nor would even the *ad valorem* taxes afford any real relief. The annual forty millions must at all events be paid; and if some taxes fail, others must be imposed that will be more productive.

" These are considerations," Mr Malthus justly observes, " sufficient to alarm even the stockholders themselves. Indeed, if the measure of

value were really to fall as we have supposed, there is great reason to fear that the country would be absolutely unable to continue the payment of the present interest of the national debt. *And even if the price of corn be kept up by restrictions to 80s. a quarter, it is certain that the whole of the loans made during the war just terminated, will, on an average, be paid at an interest very much higher than they were contracted for; which increased interest can, of course, only be furnished by the industrious classes of society.*" *

To make any additions to what Mr Malthus has here so ably stated, would be altogether superfluous. There is but *one* alternative: We must either reduce the interest of the national debt, which impartial justice and sound policy alike authorise us to do; or we must continue to give the stockholders an unfair advantage, *at the expence, and to the certain prejudice of the productive classes.* If we adopt the latter line of conduct, the present enormous taxation, the corn laws,—in a word, the fictitious system, big with irretrievable ruin to our manufacturers and our commerce, must be persevered in. It is astonishing this obvious consideration has not awakened the stockholders themselves from their golden dreams,—from their reveries about 10 per cent.—

* Grounds of an Opinion, &c. p. 38.

to a sense of their real situation; and that they have not voluntarily expressed a willingness to relinquish their improper and exorbitant demands. They must be certain, their dividends cannot long be paid if the commerce of the country decline; and they must surely know, that by increasing the burdens of the people,—by insisting on a larger interest than they are justly entitled to,—they contribute effectually to ruin trade, to sap the very foundations of the national prosperity, to hasten the dissolution of the funding system, and to accelerate a national bankruptcy. Were this last mentioned event to happen, the total ruin of the stockholders would be its inevitable consequence. But the general mischief that would ensue,—the danger resulting to *every* part of our political system,—and the universal confusion and multiplied misery it would occasion,—must oblige every person who has the good of his country at heart,—who does not fatten on her distresses,—to regard with extreme concern and uneasiness those measures which, by oppressing the energies of the people,—by discouraging their exertions,—and by applying the fruit of their labours to support the proud and the profligate,—must assuredly bring on this awful catastrophe and its attendant horrors.

The reasoning we have employed to prove the justice and propriety of reducing the interest of the national debt, contracted during the depreciation of our paper currency and the high prices, may be also adduced to shew the propriety of reducing the debts of one individual to another contracted in the same period. The cases are precisely the same in respect of strict justice; but various circumstances would render it extremely difficult to *apply* this measure to individual cases. It would be next to impossible to ascertain the dates, and other essential facts, regarding private loans, and it might give rise to litigation and subterfuges to avoid payments. The reduction of the dividends, by lessening the pressure of taxation, will be of real advantage to private borrowers; and the stockholders cannot certainly object to the measure because it will have that salutary consequence They will not seek to extend to others what they, however absurdly, term a calamity. And, besides, it seems probable, that the stockholders would themselves suffer equally with other individuals, if the reduction were extended to private debts.

It has been objected to a reduction of the dividends, that as many of the original subscribers for loans are not now the holders of government securities, but have tranferred them to others, the measure might not really affect those who had

advanced the depreciated paper, but those who had since acquired securities at second hand with undepreciated paper. But it is certain that when a contractor for a loan sells stock, he disposes of it with all its advantages and defects. The purchasers come in his place, they are his representatives; the sale cannot invest them with any better right to their dividends than was possessed by the original contractor himself; and whatever measure was just in respect of the one, must be equally so in respect of the other.

It is in vain to tell us about the distress and confusion resulting from this measure; they must of necessity be very limited. There can be none, no, not even the smallest comparison, between the distress and misery produced by cutting off 20 or 30 per cent. from the dividends of a wealthy body of men, such as the stockholders, and of *adding* a proportional sum in *perpetuity* to the real taxes that bear so enormously hard on the industrious manufacturers and agriculturists. This is the true, the simple state of the matter. And let us, therefore, be no longer insulted with whinging ridiculous complaints, about the miseries that would be suffered by the poor stockholders!

Losing all hopes of interesting our sympathy, the stockholders assume a loftier tone, and tell us, that in our future wars we need not again

attempt to borrow, and that no one will hereafter be found to lend us a farthing. It will, perhaps, be generally thought that, were the matter to turn out as they represent, no great disadvantage would ensue. "An extreme facility of borrowing is a most dangerous power in the hands of any set of men. It enables governments to enter upon the most gigantic and exhausting enterprises, to purchase all that can be purchased, even to the blood and the conscience of men: capital, industry, and good conduct, are thereby placed in the hands of ambition, of pride, and of perversity." * Whether the borrowing and funding system in this country has had any such effects, we leave others to determine. But certainly it has frequently induced our Government to make war on insignificant and trivial grounds; and by removing the necessity of economy, it has encouraged a profligate and unmeasured expenditure in our internal concerns. It is, therefore, *unfortunate* that the consequence alluded to by the stockholders, should not follow the reduction of the interest. The reverse, however, would certainly take place. Our credit would improve, as our debts would then bear some relation to our income, which is hardly the case at present.

Thus, the more we reflect upon this measure

* Say, tom. ii. p. 368.

of reducing the dividends, the greater the variety of lights in which we view it, its justice and expediency become more clearly apparent. Let us hope it may be adopted from policy, and from a due regard to the permanent welfare of the country, ere it is forced upon us by an uncontroulable and overwhelming necessity.

Nothing contributed so much to increase our national debt, as the belief that was for a long time placed in the efficacy of sinking funds, of compound interest, and of the *smallest savings*, to clear off the largest incumbrances. It is indeed astonishing how the sober sense of the nation could be so long imposed on by such miserable quackery; and that it was not generally perceived, that if ministers borrowed every year more than they paid off, the effect of the payment was merely as if they had borrowed a smaller sum: Whatever financial subterfuges, and mystified jargon, may be employed to conceal the real nature of the transaction, this is precisely what it amounts to—" We are told," says Dr Hamilton, in that excellent work in which the effects of the sinking fund were first clearly developed, " that the operations of the sinking fund have succeeded beyond expectation, and that the whole debt existing in 1786, amounting to 238 millions, is

already paid off. This is altogether fictitious and delusive. We may pay off as much debt at any time as we please by borrowing: But the only real alteration in the state of our finance, is the difference between the debt contracted and the debt paid off; and while the former of these exceeds the latter, our situation is growing worse to the extent of that difference.

"A private gentleman whose estate is encumbered may, if he have any credit, pay off all his debt every year, by borrowing from other hands; but if he spends more than his free income, his embarrassments will continually increase, and his affairs are so much the worse by being conducted in this manner, from the fees he pays to his agents. The absurdity of deriving any satisfaction from this annual discharge of his debts, will appear still stronger, if we suppose him, instead of borrowing from other hands, only to renew the securities to the same creditors annually, paying a fee to the agents, and a *douceur* to the creditors themselves on the renewal. All these observations are equally applicable to the debt of a nation, conducted as ours is. It would not be impracticable, or very difficult, to redeem our whole debt in any year, if the measures we follow be redemption. It would only require a large loan every month, and the large sums we were thus enabled to pay would supply the funds for these

loans. Our capitalists would be well pleased to promote these loans, as they would derive a *bonus* from each. Such a system would be ruinous in the extreme; and *the system we follow is the same on a smaller scale*, and is, therefore, only pernicious in a less degree." *

The excess of revenue over the total expenditure, *including the interest of the debt*, is the only real sinking fund, the only means by which one shilling of the public debts will ever be paid off: All other schemes for discharging them, unless in so far as they are founded on this principle, are justly termed illusory. †

The *average* amount of the entire revenue, permanent and annual, for four or five years past, exclusive of the expence of collection, may be taken at 66 millions. Deducting from this sum 16 millions, as the amount of the income tax and malt duty, so happily got rid of last session, and SEVEN ‡ millions as the probable amount

* Hamilton on the National Debt, 2d edit. p. 191.

† Id. p. 44.

‡ Seven millions is a medium between the sum arising from diminishing the interest of the loans contracted during the war, (exclusive of the sinking fund,) according to the depreciation of paper at the time they were lent. And the sum arising from reducing the interest according to the average prices of grain, for periods of five years, beginning with 1794, compared with 50s. the price at which it would sell if the corn laws were repealed, after deducting one half from this sum, as a very liberal allowance for the price of those commodities which may be supposed not effectually regulated by the

of the taxes that will be rendered unnecessary by the reduction of the *dividends* we have just pointed out, there will remain *forty-three* millions as the future entire revenue: So that after the interest of the debt, including the sinking fund, charges of management, &c. amounting (under deduction of the above *seven* millions) to 38 millions, are paid, only *five* millions will remain for the service of the state. A sum certainly insufficient to cover the ordinary expences of Government in the present state of the world, though peace were to continue, and the most rigid economy to be practised in every department.

Supposing the expences of Government in a peace establishment to be reduced to *eight* millions, it is obvious that unless three millions were taken from the sinking fund and applied to the service of the state, it would still be necessary to negociate a loan to that extent every year, and to continue to juggle the country with the despicable farce of borrowing money to extinguish the national debt.

The substantial justice and sound policy of reducing the sinking fund, seem alike unquestion-

price of corn. Mr Malthus, when the debt was much smaller than it is now, estimated the reduction that should be made in the interest, on the supposition of corn selling at 60s. at about *eight* millions.

able. If it was not constituted for the purposes of deception and delusion, but if the payment of the national debt was the real as well as the avowed cause of its formation, it will certainly effect that end more speedily by rendering loans unnecessary, than by cancelling them after they are contracted. To apply the sinking fund to the service of the state, is not, therefore, to divert it from its original destination; on the contrary, it effectually promotes its operation.

Mr Ricardo, in his ingenious Essay on the Profits of Stock, protests strongly against the injustice of encroaching on the sinking fund, at the same time that he fully shews the propriety and justice of repealing the corn laws. But surely the capitalist who had expended money in purchasing and improving an estate, in the belief *founded on acts of Parliament*, that no foreigner would be allowed to compete with him till the home price reached a certain sum, would have an equal, nay, a much stronger ground of complaint if these acts were rescinded, than the stockholder can possibly pretend to have, when the sinking fund is applied to the *prevention* of loans.

It would not, however, be sufficient to apply three millions of the sinking fund to the service of the state: There would still remain forty-three millions to be annually provided for by

taxes; and a burden of that immense extent, far exceeding the nett rent of the empire, and vastly greater than what would affect any other country, by oppressing the people of Britain, and placing them in comparatively disadvantageous circumstances, would ultimately produce the same effects, though in a slower manner, that we have shewn must arise from our present taxation. It would be imperatively necessary to apply an additional seven or eight millions, or rather the *whole* of the sinking fund, to general services, in order that a corresponding amount of taxes might be dispensed with.

The stockholders may indeed complain, that an appropriation of the sinking fund to the diminution of taxation, not to the prevention of loans, is an interference with its original destination, and that the redemption of the debt must consequently be retarded. The question for our consideration, however, is not what particular set of individuals may be benefited, but how the nation at large, how the industrious classes, may be relieved from the burdens that press them down to earth, and threaten their total ruin. But the stockholders are, in fact, as much interested in the *general prosperity* as any other class of society. While the debts of the nation bear some proportion to its revenue, and while its general situation is flourishing, the price of

stocks will be comparatively high; but all the purchases that can be made by the Commissioners for managing the sinking fund, will have but a poor effect in keeping up their prices, when the revenue is loaded to the utmost, and when the pressure of taxation causes industry of every kind to languish and decline.

To conclude: In 1793, the conjoint expence of the peace establishment, and of the interest of the public debt, amounted only to about *fifteen* millions; but now, supposing all the reductions to be made which we have indicated, and the whole of the sinking fund to be applied to the service of the state, their conjoint expence would amount to (at least) THIRTY-THREE millions.* This difference is sufficiently striking, and is certainly fully adequate to allay the interested apprehensions of such as affect to see nothing but ruin in a too rapid diminution of our burdens. It is indeed true, that the kingdom is now much better cultivated than at the former era, and that we possess a greater manufacturing population, and better machinery. But it is also certain, that much of the poor land which has lately been brought into tillage, ought never

* I suppose the present amount of the sinking fund to be thirteen millions.

to have been taken from pasture; and that it will return to that state as soon as a just policy is adopted in the trade of corn, or as soon as our manufacturers are permitted to purchase their food in the cheapest market. And it is also certain, that the improvements in machinery have not been confined to this country, but that their beneficial influence is felt alike in all, and cannot, therefore, redound to the *particular* advantage of any. Considering these facts, and considering the dangerous competition in every species of manufactures, to which a continuance of peace will undoubtedly expose us, we must be convinced, that *all* the measures now proposed for the reduction of taxation—for relieving the industrious classes, from whom alone the country has derived all its power and glory, and by whom it must be supported—are *essentially necessary;* and that their principal and radical defect, consists in their not going far enough.

THE END.

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